



# Get Nice Financial Group Limited 結好金融集團有限公司

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

Stock code : 1469

## GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



英皇證券(香港)有限公司  
Emperor Securities Limited

## IMPORTANT

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



### Get Nice Financial Group Limited

結好金融集團有限公司

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

#### GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	507,554,481 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	52,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	455,554,481 Shares (subject to adjustment, re-allocation and the Over-allotment Option)
Maximum Offer Price	:	HK\$1.40 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock code	:	1469

#### Sole Sponsor and Sole Global Coordinator



#### Joint Bookrunners and Joint Lead Managers



The 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 however arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Please refer to the section headed "Risk Factors" for a discussion of certain risks that you should consider before investing in our Shares.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, on the Price Determination Date. The Price Determination Date is expected to be on or about Thursday, 31 March 2016 and, in any event, not later than Tuesday, 5 April 2016. The Offer Price will be not more than HK\$1.40 per Offer Share and is currently expected to be not less than HK\$1.00 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by Tuesday, 5 April 2016 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus (which is HK\$1.00 to HK\$1.40 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe or purchase, and to procure applicants for the subscription or purchase of, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting – Grounds for termination by the Hong Kong Underwriters" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

24 March 2016

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## EXPECTED TIMETABLE <sup>(Note 1)</sup>

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Last day for dealing in GN Shares cum-entitlement to the Distribution . . . . .	Monday, 21 March 2016
First day for dealing in GN Shares ex-entitlement to the Distribution . . .	Tuesday, 22 March 2016
Latest time for lodging transfers of GN Shares to qualify for the Distribution. . . . .	4:30 p.m. on Wednesday, 23 March 2016
Register of members closes . . . . .	Thursday, 24 March 2016 to Tuesday, 29 March 2016
Record Date for determining the entitlement to the Distribution . . . . .	Tuesday, 29 March 2016
Register of members re-opens . . . . .	Wednesday, 30 March, 2016
Latest time to complete electronic applications under <b>HK eIPO White Form</b> service through the designated website <a href="http://www.hkeipo.hk">www.hkeipo.hk</a> <sup>(Note 2)</sup> . . . . .	11:30 a.m. on Thursday, 31 March 2016
Application lists open <sup>(Note 3)</sup> . . . . .	11:45 a.m. on Thursday, 31 March 2016
Latest time to lodge <b>WHITE</b> and <b>YELLOW</b> Application Forms . . . . .	12:00 noon on Thursday, 31 March 2016
Latest time to give <b>electronic application instructions</b> to HKSCC <sup>(Note 4)</sup> . . . . .	12:00 noon on Thursday, 31 March 2016
Latest time to complete 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, 31 March 2016
Application lists close . . . . .	12:00 noon on Thursday, 31 March 2016
Expected Price Determination Date <sup>(Note 5)</sup> . . . . .	Thursday, 31 March 2016
Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) on. . . . .	Thursday, 7 April 2016
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – 11. Publication of Results" . . . . .	Thursday, 7 April 2016



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## EXPECTED TIMETABLE <sup>(Note 1)</sup>

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A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.getnicefg.com.hk](http://www.getnicefg.com.hk) from . . . . . Thursday, 7 April 2016

Results of allocations in the Hong Kong Public Offering will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function. . . . . Thursday, 7 April 2016

Despatch of Share certificates or deposit of the Share certificates into CCASS to Qualifying GN Shareholders who are entitled to receive Shares under the Distribution on or before <sup>(Note 6)</sup> . . . . . Thursday, 7 April 2016

Despatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications on or before <sup>(Note 6)</sup> . . . . . Thursday, 7 April 2016

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/ refund cheques in respect of wholly or partially unsuccessful applications on or before <sup>(Notes 6, 7)</sup> . . . . . Thursday, 7 April 2016

Dealings in our Shares on the Stock Exchange to commence on. . . . . 9:00 a.m. on Friday, 8 April 2016

Despatch of cheques to Overseas Excluded GN Shareholders of the net proceeds of the sale of the Shares which they would otherwise receive pursuant to the Distribution on or before <sup>(Note 8)</sup> . . . . . Friday, 15 April 2016

**Notes:**

1. All times refer to Hong Kong local time, except as otherwise stated.
2. You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application/payment reference number from the designated website prior to or at 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Thursday, 31 March 2016, the application lists will not open on that day. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.
4. Applicants who apply for the Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.
5. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Thursday, 31 March 2016 and, in any event, not later than Tuesday, 5 April 2016. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. Notwithstanding that the Offer Price may be fixed at below the maximum Offer Price of HK\$1.40 per Offer Share payable by applicants for the Offer Shares under the Hong Kong Public Offering, applicants who apply for the Offer Shares must pay on application the maximum Offer Price of HK\$1.40 per Offer Share plus the brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

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## EXPECTED TIMETABLE <sup>(Note 1)</sup>

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6. Applicants who apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by their Application Forms may collect (where applicable) refund cheques and/or (where applicable) Share certificates in person from 9:00 a.m. to 1:00 p.m. on Thursday, 7 April 2016 or any other date notified by us as the date of despatch of Share certificates and refund cheques. Applicants being individuals who is eligible for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who is eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chops. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms shortly thereafter. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your Share certificates (if applying by using a WHITE Application Form) and/or refund cheques will be sent to the address on the Application Form on Thursday, 7 April 2016 by ordinary post and at your own risk. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares".

**Share certificates will only become valid certificates of title provided that the Hong Kong Public Offering has become unconditional and neither of the Underwriting Agreements has been terminated in accordance with its respective terms, which is expected to be at around 8:00 a.m. on Friday, 8 April 2016. Investors who trade the Shares on the basis of publicly available allocation details or prior to the receipt of share certificates and before they become valid do so entirely at their own risk.**

For applicants who apply by giving **electronic application instructions**, the relevant arrangements are set out under the section headed "How to Apply for the Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

7. e-Auto refund payment instructions/refund cheques will be made in respect of wholly or partially unsuccessful applications and in respect of successful applications in the event that the Offer Price is less than the initial price per Offer Share payable on application.
8. Overseas Excluded GN Shareholders will be entitled to the Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Distribution will be sold by GN Holdings on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. Further information is set out in the section headed "Structure and Conditions of the Global Offering — The Distribution" in this prospectus.

For details of the structure and conditions of the Global Offering, including conditions of the Hong Kong Public Offering, you should refer to the sections headed "Underwriting", "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

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### IMPORTANT NOTICE TO INVESTORS

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

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Global Coordinator, any of the Underwriters, any of our Directors or their respective directors, or any other person or party involved in the Global Offering. Information contained in our website, [www.getnicefg.com.hk](http://www.getnicefg.com.hk), does not form part of this prospectus.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document, including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### OVERVIEW

Our Group is a well-established financial services provider in the Hong Kong securities industry founded in 1988. We target a niche market segment of high-net-worth individuals by offering quality and personal client services. The financial services provided by us include (i) broking services; (ii) securities margin financing services; and (iii) corporate finance advisory services. The majority of our revenue was interest income generated from our securities margin financing services. Our revenue from our securities margin financing services accounted for approximately 72.4%, 67.7%, 69.2% and 63.6% for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively. Details of the financial services provided by us are set out as follows:

- **Broking services**

Our broking services mainly comprise the following financial services:

**Securities broking services:** We act as intermediary between buyers and sellers of securities listed on the Main Board and GEM Board of the Stock Exchange in return for brokerage commission income.

**Futures and option broking services:** We provide brokerage services for futures and options traded on the Futures Exchange, such as HSI futures and options, and mini-HSI futures and options. We generate revenue from commission received from our clients when relevant transactions are executed.

**Placing and underwriting services:** We act as underwriter, sub-underwriter, placing agent or sub-placing agent for equity and debt securities in transactions, such as IPOs, rights issues, open offers and other fundraising exercises in return for placing or underwriting commission income.

**Proof of funds services:** We provide proof of funds services for transactions relating to the Takeovers Code for our clients which allow them to show that they have sufficient resources to satisfy their obligations under the relevant transactions in return for upfront fee.

- **Securities margin financing services**

We provide securities margin financing services to our clients, who would like to purchase securities on the secondary market or apply for shares in connection with IPOs, in return for interest income.

- **Corporate finance advisory services**

We provide financial advisory services to our clients regarding matters, such as (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; and (ii) giving opinions or recommendations to the independent board of committee and the independent shareholders of listed issuers in the capacity of independent financial advisers in return for advisory fee income.



## SUMMARY

The table below sets out the breakdown of our Group's total revenue by types of service for the three years ended 31 March 2015 and the eight months ended 30 November 2014 and 2015:

	Year ended 31 March						Eight months ended 30 November			
	2013		2014		2015		2014		2015	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000 <i>(unaudited)</i>	% of revenue	HK\$'000	% of revenue
<b>Broking services</b>										
Brokerage commission	32,533	20.6	43,675	22.2	54,827	18.9	34,321	19.1	66,079	19.0
Placing and underwriting commission	7,354	4.6	8,397	4.3	12,252	4.2	9,883	5.5	34,861	10.0
Upfront fees for proof of funds	-	-	-	-	10,859	3.7	6,850	3.8	10,200	2.9
Others <sup>(Note)</sup>	3,315	2.1	10,947	5.6	9,529	3.3	6,211	3.5	13,222	3.8
	43,202	27.3	63,019	32.1	87,467	30.1	57,265	31.9	124,362	35.7
<b>Securities margin financing services</b>										
Interest income	114,573	72.4	133,100	67.7	200,981	69.2	120,310	67.2	221,517	63.6
<b>Corporate finance advisory services</b>										
Advisory fee income	480	0.3	400	0.2	2,002	0.7	1,542	0.9	2,497	0.7
Others	36	0.0	31	0.0	38	0.0	25	0.0	18	0.0
	516	0.3	431	0.2	2,040	0.7	1,567	0.9	2,515	0.7
<b>Total</b>	<b>158,291</b>	<b>100.0</b>	<b>196,550</b>	<b>100.0</b>	<b>290,488</b>	<b>100.0</b>	<b>179,142</b>	<b>100.0</b>	<b>348,394</b>	<b>100.0</b>

Note: Others include mainly clearing and handling fee income and interest income from our deposits.

The revenue generated from our broking services was approximately HK\$43.2 million, HK\$63.0 million and HK\$87.5 million for the years ended 31 March 2013, 2014 and 2015 representing approximately 27.3%, 32.1% and 30.1% of our total revenue of each of the three years ended 31 March 2013, 2014 and 2015 respectively. Our revenue from our broking services was approximately HK\$57.3 million and HK\$124.4 million for the eight months ended 30 November 2014 and 2015, representing approximately 31.9% and 35.7% of our total revenue for the eight months ended 30 November 2014 and 2015, respectively.

As at 31 March 2013, 2014 and 2015 and 30 November 2015, the margin accounts maintained with our Group had a total outstanding margin loan balance of approximately HK\$1.4 billion, HK\$1.8 billion, HK\$3.0 billion and HK\$3.6 billion respectively. For the years ended 31 March 2013, 2014 and 2015, our margin financing business generated interest income of approximately HK\$114.6 million, HK\$133.1 million and HK\$201.0 million, representing approximately 72.4%, 67.7% and 69.2% of our Group's total revenue, respectively. For the eight months ended 30 November 2014 and 2015, our securities margin financing business generated interest income of approximately HK\$120.3 million and HK\$221.5 million, representing approximately 67.2% and 63.6% of our Group's total revenue, respectively.

The table below sets out an analysis of the total outstanding margin loan balances in our Group's securities margin accounts for each of the three years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2014 and 2015:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(unaudited)</i>	HK\$'000
Total outstanding margin loan balance in our Group's securities margin accounts					
– Monthly average balance	1,412,080	1,570,060	2,189,860	1,993,120	3,269,766
– Highest month end balance	1,436,663	1,806,946	2,998,497	2,193,115	3,560,769
– Lowest month end balance	1,360,422	1,321,826	1,808,508	1,808,508	2,800,108
Margin loan balance as at the relevant year/period end	1,426,683	1,762,642	2,998,497	2,193,115	3,560,769
Market value of the securities pledged to our Group as at the relevant year/period end	3,820,025	6,301,292	15,915,005	13,889,249	17,865,252

## SUMMARY

The total outstanding margin loan balance of our Group had increased year-on-year due to the expansion of our securities margin financing business which was supported by the interest-free advances provided by GN Holdings matched with a corresponding increase of the market value of securities pledged to our Group. This has resulted in an increase of our Group's interest income throughout the Track Record Period.

As at 31 March 2013, 2014 and 2015 and 30 November 2015, the stocks that were pledged by our clients to our Group to secure their margin loans were mainly non-blue chip securities of Hong Kong listed companies with market capitalisation of HK\$1 billion or above. For details, please refer to the sections headed "Risk factors – Risks relating to business and operations of our Group – The stocks that are pledged to our Group by our clients to secure their margin loans are mainly Hong Kong listed non-blue chip securities." and "Business – Our Business Model and Services – (ii) Securities Margin Financing Services" in this prospectus.

For the years ended 31 March 2013, 2014 and 2015, the advisory fee income generated from our Group's corporate finance advisory business was approximately HK\$0.5 million, HK\$0.4 million and HK\$2.0 million, representing approximately 0.3%, 0.2% and 0.7% of our Group's total revenue, respectively. For the eight months ended 30 November 2014 and 2015, the advisory fee income derived from our Group's corporate finance advisory business was approximately HK\$1.5 million and HK\$2.5 million, representing approximately 0.9% and 0.7% of our Group's total revenue, respectively. During the Track Record Period, we acted in (i) seven independent financial adviser roles to advise our clients on different transactions, including connected transactions, continuing connected transactions and the renewal of general mandates; and (ii) five joint financial adviser roles and 12 financial adviser roles relating to mandatory conditional cash offers, open offers, a rights issue and placing of new shares.

The table below sets out the different categories of our charging basis, in relation to our Group's principal businesses during the Track Record Period:

	Year ended 31 March			Eight months ended
	2013	2014	2015	30 November 2015
<b>Securities Brokerage Services</b>				
Securities brokerage commission . . . . .	Commission rates typically ranged from 0.1% to 0.25% of the transaction value, subject to a minimum charge of HK\$100 for each transaction			
<b>Placing and Underwriting Services</b>				
Underwriting or placing commission . . . . .	1% to 3%	1% to 2.5%	0.5% to 3.8%	0.5% to 3%
<b>Proof of Funds Services</b>				
Upfront fees	N/A	N/A	Determined on a case-by-case basis	Determined on a case-by-case basis
<b>Securities Margin Financing Services</b>				
Margin financing interest . . . . .	Typically ranged from Hong Kong Prime Rate plus 2% to Hong Kong Prime Rate plus 4.45% but in some cases, the rate may go up to 18% per annum			

Please refer to the section headed "Business – Commission Rate, Interest Rate and Service Fee" in this prospectus for details of our charging basis.

### COMPETITIVE STRENGTHS

We believe our major competitive strengths will continue to drive our future success among which includes (i) long history of establishment with stable client base; (ii) experienced, competent and stable management and account executive team; (iii) streamlined and efficient organisational structure; (iv) customised client service; (v) synergy with wide range of financial services offered; and (vi) prudent risk management system.

Please refer to the section headed "Business – Competitive Strengths" in this prospectus for further information on our competitive strengths.

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## SUMMARY

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### BUSINESS STRATEGIES

Our overall business objective is to further strengthen our position in the securities industry in Hong Kong with a focus on our broking services and securities margin financing services. We also intend to develop and strengthen our corporate finance advisory services. Further, we intend to leverage on our current position to further establish our presence in the Hong Kong market as well as expand and broaden our client base principally by developing our existing services and improving our sales and marketing system. Please refer to the section headed “Business – Business Strategies” in this prospectus for further information on the strategies we intend to implement in order to grow our business and create value for our Shareholders.

### OUR SHAREHOLDERS

GN Holdings will directly hold approximately 72.99% of the issued share capital of our Company immediately following completion of the Spin-Off, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme. Accordingly, GN Holdings will be our Controlling Shareholder within the meaning of the Listing Rules. GN Holdings has confirmed that it does not have any direct or indirect interest in any business or companies (save as disclosed in this prospectus) that engage in any business activities that compete or may compete with our business activities. Please refer to the sections headed “Relationship with Controlling Shareholder” and “Substantial Shareholder” in this prospectus for further details.

As at 31 March 2013, 2014 and 2015 and 30 November 2015 the Shareholder’s Loan due to GN Holdings was approximately HK\$797 million, HK\$1,474 million, HK\$1,948 million and HK\$2,430 million, respectively. The Shareholder’s Loan due to GN Holdings as at 30 November 2015 was approximately HK\$2,430 million, which will be settled before the Listing in the following ways: (i) HK\$1,000 million will be repaid in cash, of which HK\$975 million and HK\$25 million will be funded from short term external bank borrowings and our internal resources respectively; (ii) further set-off by the entire amount due from GN Holdings as at the date of the set-off; and (iii) the remaining balance will be capitalised under the Loan Capitalisation Issue. Please refer to the section headed “Financial Information – Indebtedness – Loans and other borrowings – Amounts due to GN Holdings” in this prospectus.

However, assuming the Shareholder’s Loan of up to HK\$975 million would be settled by external borrowings and the cost of fund for external borrowings is 2.34% p.a. (which is the highest interest rate applicable to our Group’s existing facilities as at the Latest Practicable Date; i.e. HIBOR + 2.25% p.a.), the notional interest for the Shareholders’ Loan (lower of the average outstanding advance from the Controlling Shareholder or HK\$975 million) in each of the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015 are approximately HK\$20.1 million, HK\$22.8 million, HK\$22.8 million and HK\$15.2 million, respectively.

Our Directors consider that with this additional notional interest incurred if our Group had obtained the external borrowings to repay the Shareholders’ Loan of up to HK\$975 million, the profit after taxation would be reduced to approximately HK\$69.4 million, HK\$94.3 million, HK\$172.9 million and HK\$219.5 million in each of the three years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, respectively, representing a decrease in our Group’s profit after taxation by approximately 19.5%, 16.8%, 9.9% and 5.5%, respectively, when compared to our Group’s profit after taxation without accounting for the notional interest.

## SUMMARY

Our Group has arranged HK\$975 million of external borrowings to repay the Shareholder's Loan. The table below sets out the details of our Group's external borrowings as at the Latest Practicable Date:

Type and Amount of Loan	Bank	Interest Rate	Duration	Collateral	Other Fees
Revolving loan of HK\$120 million ("RL 1")	Bank A	HIBOR + 2% per annum based on 1 week tenor	No fixed term but subject to Bank A's overriding right of repayment on demand	Charge over our property which had a carrying value of HK\$112.5 million as at 30 November 2015	A combined non-refundable fee of HK\$470,000 for RL 1 and RL 2  A commitment fee of 0.5% per annum each on the daily undrawn balance of RL 1 if the average utilization rate of the facility over a 12 month period is below 40% of the RL 1 loan limit commencing on the date of RL 1 being available
Revolving loan of HK\$350 million ("RL 2")	Bank A	HIBOR + 2% per annum based on 1 week tenor	No fixed term but subject to Bank A's overriding right of repayment on demand	Charge over clients' pledged securities repledged by our Group as maybe approved by Bank A at a margin prescribed by Bank A from time to time at the sole discretion of Bank A but the aggregate outstanding amount from RL 2 must not exceed 70% of the total market value of the shares pledged	A combined non-refundable fee of HK\$470,000 for RL 1 and RL 2  A commitment fee of 0.5% per annum each on the daily undrawn balance of RL 1 if the average utilization rate of the facility over a 12 month period is below 40% of the RL 1 loan limit commencing on the date of RL 1 being available
Revolving loan of HK\$100 million ("RL 3")	Bank B	HIBOR + 1.85% per annum based on 1 week tenor	No fixed but applications made after 30 September 2016 to use RL 3 will not normally be considered by Bank B	Charge on locally listed shares on the Stock Exchange under the pre-approved list of Bank B	N/A
Revolving loan of HK\$50 million ("RL 4")	Bank C	Bank C's cost of fund + 1% per annum based on 1 week tenor	No fixed term but subject to Bank C's overriding right of repayment on demand	Charge over clients' pledged securities repledged by our Group as maybe approved by Bank C at a margin prescribed by Bank C from time to time at the sole discretion of Bank C	N/A
Revolving loan of HK\$80 million ("RL 5")	Bank D	HIBOR + 1.85% per annum based on 1 week tenor	No fixed term but subject to Bank D's overriding right of repayment on demand	Charge over clients' pledged securities repledged by our Group as maybe approved by Bank D at a margin prescribed by Bank D from time to time at the sole discretion of Bank D	N/A
Unsecured term loan of HK\$200 million ("TL 1")	Bank E	The higher of HIBOR + 1.7% or Bank E's cost of fund + 0.6% per annum	All outstanding principal, accrued interests and any other monies owing under TL 1 shall be repaid in full (i) on 31 March 2016 or (ii) on the date of the listing of our Shares on the Stock Exchange	N/A	Non-refundable handling fee of HK\$300,000
Unsecured term loan of HK\$75 million ("TL 2")	Bank F	2.34% per annum	One year from the day since TL 2 is drawn	N/A	N/A

On the basis that our Group uses external borrowings of up to HK\$975 million to settle the Shareholder's Loan and assuming a highest interest rate of 2.34% p.a. in respect of the external borrowings, the annual interest expense of our Group after the Listing will be approximately HK\$18.1 million based on the amount of external borrowings being HK\$775 million after taking into account a partial repayment of bank borrowings of HK\$975 million in the amount HK\$200 million by using part of the proceeds from the Global Offering.



## SUMMARY

### SUMMARY OF FINANCIAL RESULTS AND OPERATING INFORMATION

The table below sets out combined financial results of our Group for each of the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2014 and 2015 as derived from the Accountants' Report in Appendix I to this prospectus:

#### Combined Statements of Profit or Loss

	Year ended 31 March						Eight months ended 30 November			
	2013		2014		2015		2014		2015	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000 <i>(unaudited)</i>	% of revenue	HK\$'000	% of revenue
Revenue .....	158,291	100.0	196,550	100.0	290,488	100.0	179,142	100.0	348,394	100.0
Profit before taxation .....	104,211	65.8	135,330	68.9	230,806	79.5	142,712	79.7	280,150	80.4
Profit for the year/period .....	86,249	54.5	113,349	57.7	191,985	66.1	119,152	66.5	232,161	66.6

During the Track Record Period, our Group achieved rapid growth in our total revenue and net profit. Our total revenue increased by approximately 24.2% from approximately HK\$158.3 million for the year ended 31 March 2013 to approximately HK\$196.6 million for the year ended 31 March 2014, and further increased by approximately 47.8% to approximately HK\$290.5 million for the year ended 31 March 2015, representing a CAGR of approximately 35.5%. Our total revenue increased by approximately 94.5% from approximately HK\$179.1 million for the eight months ended 30 November 2014 to approximately HK\$348.4 million for the eight months ended 30 November 2015. Our net profit increased by approximately 31.4% from approximately HK\$86.2 million for the year ended 31 March 2013 to approximately HK\$113.3 million for the year ended 31 March 2014, and further increased by approximately 69.5% to approximately HK\$192.0 million for the year ended 31 March 2015, representing a CAGR of approximately 49.2%. Our net profit increased by approximately 94.8% from approximately HK\$119.2 million for the eight months ended 30 November 2014 to approximately HK\$232.2 million for the eight months ended 30 November 2015.

Our Group achieved rapid growth in our total revenue and net profit during the Track Record Period. The rapid growth in our total revenue and net profit was mainly driven by (i) the increase in trading activities of our clients and (ii) the expansion of our securities margin financing business which was mainly due to an increase in the amount of margin loans, which we financed mainly through interest-free advances provided by GN Holdings. In 2013, GN Holdings disposed of its hotel complex and certain assets in Macau (which was held by certain 65% owned subsidiaries of the Remaining Group) at a total cash consideration of HK\$3.25 billion which provided additional funds by way of an interest-free advance for the expansion of our Group's securities margin financing business.

After the Listing, we plan to use approximately HK\$210.0 million of the net proceeds derived from the Global Offering to expand our securities margin financing business (please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus). Although our Group will no longer rely on advances provided by GN Holdings after the Listing, our Directors believe that our Group itself has the ability to finance our business operation either by additional external borrowings (such as bank loans and bonds) or equity fundraisings. Our growth in the Track Record Period was largely attributable to the interest-free financing of our Controlling Shareholder and therefore it may not be a useful indicator of our means of financing. Immediately after the repayment of the Shareholder's Loan, all of our banking facilities will be fully drawn. However, our Directors believe that, we are able to finance the long term growth of the securities margin financing business without support of GN Holdings after the Listing because (i) the Spin-Off will allow our Group to establish a higher profile as a separate listed entity with the ability to access the debt and equity capital markets to fund the development and expansion of our business; (ii) it provides flexibility and a more diversified funding source for our Group to finance our existing operations and to support our growth through continuing organic expansion as well as acquisitions; (iii) the Spin-Off will significantly increase our net assets as a result of the Loan Capitalisation Issue and Global Offering thereby forming a much stronger financial position that will be beneficial to obtain different forms of external financing for business expansion, including but not limited to the issue of bonds and arranging long term syndicated loans as well as increasing credit limit from existing banking facilities; (iv) we plan to use approximately HK\$210.0 million of the net proceeds derived from the Global Offering to expand our securities margin financing business, please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus; and (v) our Group constantly maintains considerable amount of cash on hand (at each of the year end of the Track Record Period, our Group had cash on hand ranging from HK\$135.1 million to HK\$512.6 million i.e. average balance of HK\$245.0 million) which may be applied to expand our securities margin financing business when our Board considers necessary and appropriate. Our Directors have also carefully considered the possible increase in gearing ratio if further external borrowings are to be obtained after the Listing. Please refer to the section headed "Financial Information – Amounts due to GN Holdings – (c) Effect on our Group's gearing ratio" in this prospectus. The gearing ratio immediately after the repayment of Shareholder's Loan up to HK\$1,000 million and Loan Capitalisation Issue would be approximately 0.58 as at 31 March 2015, whereby this is within the range of gearing ratio of other comparable Hong Kong Main Board listed companies that are engaged in securities business which ranges between 0.06 to 2.32, hence our Directors consider that our Group's gearing ratio is within the range that would allow sufficient room for increasing our leverage while at the same time our Group is able to capture our own equity fundraising exercise after the Listing.

## SUMMARY

### LIQUIDITY AND CAPITAL RESOURCES

#### Net Current Assets

The table below sets out the breakdown of our current assets and current liabilities as at the dates indicated:

	As at 31 March			As at 30 November	As at 31 January
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Current assets .....	1,899,414	3,224,569	3,535,551	4,264,853	4,701,895
Current liabilities .....	1,099,002	2,350,645	2,461,591	2,955,601	3,367,462
Net current assets .....	800,412	873,924	1,073,960	1,309,252	1,334,433

For a discussion of our key items from the combined statements of financial position, please refer to the section headed “Financial Information — Description of Selected Items of our Combined Statements of Financial Position — Accounts receivable” in this prospectus.

#### Combined Statements of Cash Flow Information

The table below sets out selected cash flow data from our combined statements of cash flows as for the periods indicated:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Net cash generated from/(used in) operating activities . . .	132,962	(252,462)	(1,029,963)	(328,674)	(222,490)
Net cash used in investing activities .....	(2,417)	(1,686)	(11,088)	(1,017)	(23,708)
Net cash (used in)/generated from financing activities . . . .	(119,402)	631,663	681,556	120,095	272,524

During the Track Record Period, our operations were primarily financed by cash generated from our operations and interest-free advances from GN Holdings. The net cash used for the years ended 31 March 2014 and 2015 reflected mainly the expansion of our securities margin financing business by providing margin loans to our margin clients. The net cash generated from financing activities for the years ended 31 March 2014 and 2015 reflected mainly the provision of interest-free advances from GN Holdings for the expansion of our securities margin financing business.

For more details, please refer to the section headed “Financial Information – Liquidity and Capital Resources – Cash Flow” in this prospectus.

#### KEY FINANCIAL RATIOS

The table below sets out a summary of certain financial ratios as at the dates or for the periods indicated:

	As at 31 March			As at 30 November
	2013	2014	2015	2015
Current ratio .....	1.7	1.4	1.4	1.4
Quick ratio .....	1.7	1.4	1.4	1.4
Net debt-to-equity ratio .....	69.8%	94.3%	165.1%	155.4%
Gearing ratio .....	84.1%	144.6%	177.8%	167.8%

	Year ended 31 March			Eight months ended 30 November
	2013	2014	2015	2015
Return on equity .....	9.1%	11.1%	15.8%	24.1%
Return on assets .....	4.2%	3.4%	5.2%	7.9%
Net profit margin .....	54.5%	57.7%	66.1%	66.6%

For more details of the key financial ratios, please refer to the section headed “Financial Information – Key Financial Ratios” in this prospectus.

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## SUMMARY

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### REGULATORY COMPLIANCE AND INTERNAL CONTROL

Our Directors confirm that we have at all times complied with the relevant continuing compliance obligations as described in the section headed "Regulatory Overview" in this prospectus, including FRR and SFC licensing requirements, during the Track Record Period and up to the Latest Practicable Date.

Under the Code of Conduct, a licensee should have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, clients and other licensed or registered persons from financial loss arising from theft, fraud and other dishonest acts, professional misconduct or omissions. We have established comprehensive internal control and risk management procedures for monitoring, evaluating and managing our exposure to market, credit, operational and legal and compliance risks in our business activities.

We are subject to inspections and examinations by the SFC and other regulatory authorities, which may reveal certain deficiencies with respect to our business operations, risk management and internal controls.

Since the listing of GN Shares on the Main Board of the Stock Exchange in 2002, GN Securities and two of its directors (who are also our Directors) were involved in a disciplinary action with the SFC. In July 2003, Get Nice Securities and its then directors, Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie were reprimanded by the SFC based on the following findings of the SFC:

1. Through Get Nice Securities' arrangement, certain shares in a listed company (the "**Relevant Listco**") were transferred from a third party to one of Get Nice Securities' clients on 17 January 2000, when trading in the Relevant Listco's shares was suspended. By this transaction, Get Nice Securities was in breach of Rule 539 of the Stock Exchange Trading Rules, which prohibits a member of the Stock Exchange from dealing in suspended securities.
2. Get Nice Securities failed to ensure that its securities margin financing business conducted via Get Nice Finance was conducted properly. The SFC found that Get Nice Securities did not have proper credit controls in relation to the transactions of the client involved in the transaction described in paragraph 1 above. Despite little knowledge of the client's background and financial status, and a large debit balance in the clients account in Get Nice Finance, Get Nice Securities allowed large purchase transactions in the account.
3. There was no proper audit trail when the client withdrew the proceeds of the subsequent sale of the above shares from the client account between January and March 2000. The SFC found that of the three cheque withdrawals recorded at Get Nice Finance as being payable to the client, one cheque had been altered to cash, another had been altered to be payable to a third party and the remaining cheque had been paid to a company controlled by Mr. Hung Hon Man. There was no clear trail as to the change of the original cheque payee to cash or to a third party.
4. There were also inadequate controls in place to ensure that the relevant cheques were collected by authorised parties or delivered to the client.
5. The incidents detailed above indicated that Get Nice Securities did not have proper procedures or guidelines to:
  - prevent dealing in suspended stocks; and
  - ensure that its securities margin financing business was being conducted properly by ensuring that proper audit trails for the issuance, alteration and delivery of cheques were instituted and followed.

As a result of the above findings, the SFC concluded that the fitness and properness of Get Nice Securities as a licensed corporation had been called into question and decided to reprimand it.

6. Mr. Hung Hon Man, who knew the shares of the Relevant Listco were suspended at the time, directed the staff of Get Nice Securities to arrange for the off-market transfer of certain Relevant Listco's shares on 17 January 2000. He failed to realise that dealing in suspended securities was prohibited and caused Get Nice Securities to breach Rule 539 of the Stock Exchange Trading Rules.

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## SUMMARY

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7. Mr. Hung Hon Man also participated in the handling of the client's account including approving securities margin financing to the client and settlement-related matters. The SFC found that he was also responsible for Get Nice Securities' failures in lacking proper credit controls and a proper audit trail of fund withdrawals. Therefore, the SFC concluded that the fitness and properness of Mr. Hung Hon Man had been called into question and decided to reprimand him.
8. Mr. Shum Kin Wai, Frankie was a director at Get Nice Securities responsible for the supervision of its regulated business at the relevant time. The SFC found that Mr. Shum Kin Wai, Frankie was also responsible for Get Nice Securities' failures and concluded that his fitness and properness had been called into question and decided to reprimand him.

Get Nice Securities, as a result, included in its operational and procedural manual a rule to prohibit dealings in suspended securities by our staff as part of its remedial measures.

Since July 2003 and up to the Latest Practicable Date, under the management of our Directors, including Mr. Shum Kin Wai, Frankie and Mr. Hung Hon Man, we have not been reprimanded by or involved in any disciplinary action with the SFC. Our Directors have a paramount focus on the compliance of our Group at all times and the result of such focus can be seen from our compliance record since July 2003.

Since the listing of GN Shares on the Main Board of the Stock Exchange in 2002, to the best knowledge of our Directors, there have been five incidents where account executives of Get Nice Securities have been involved in disciplinary action or reprimanded by the SFC. These incidents happened between 2004 and 2006. All five incidents involved personal misconduct of the account executives in breach of our internal control policies and Get Nice Securities had not been subject to any disciplinary action or reprimanded by the SFC in these five incidents.

Out of the five account executives mentioned above, four of them were still licensed representatives of Get Nice Securities as at the Latest Practicable Date. However, our Directors believe that they are suitable to work at Get Nice Securities because (i) they are still licensed representatives licensed by the SFC; (ii) it has been a long period of time since their respective non-compliance incidents and they have not been involved in any further disciplinary incidents and have shown that they have due respect for the relevant rules and regulations in relation to being a licensed representative under the SFO; and (iii) the four account executives have also since their disciplinary action completed various training sessions and have kept up with the latest development of the relevant laws, rules and regulations in relation to being a licensed representative under the SFO.

Our Group has been subject to a number of limited reviews by the SFC since the listing of GN Shares in 2002. For further details of the limited reviews, please refer to the section headed "Business – Current Internal Control Procedures – Limited reviews by the SFC" in this prospectus.

We have engaged an independent internal control consultant to conduct a review of our internal control in May 2015. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there had been no findings of material internal control deficiencies by the SFC and the internal control consultant. For details of the immaterial deficiencies identified by the SFC in its limited reviews and subsequent rectifications of these deficiencies, please refer to the section headed "Business – Current Internal Control Procedures – Internal Control and Independent Review of Internal Control Systems" in this prospectus.

### RECENT DEVELOPMENTS

Recently, the Hong Kong stock market has been volatile and fluctuating. According to the monthly market highlights published on the website of the Stock Exchange, the average daily turnover by value decreased by approximately 18.0% in December 2015 and increased by approximately 33.3% in January 2016, compared to that in November 2015 and December 2015, respectively. The monthly trading turnover of our clients in December 2015 and January 2016 was approximately HK\$2.7 billion and HK\$2.0 billion, respectively. There had been no material change to the number of our active securities trading accounts, being accounts that recorded at least one trading activity (for purchase and/or sale of securities, broking transaction in the past twelve months) as at 31 January 2016, compared to the number of our active securities trading accounts as at 30 November 2015. There has also been no material change to our brokerage commission rates and interest rates on our margin loans since 30 November 2015.

The table below sets out our Group's monthly revenue breakdown by different segments after the Track Record Period in comparison to the corresponding period in previous year. These financial information are derived from our Group's unaudited financial statements, which have been reviewed by our reporting accountants in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".



## SUMMARY

	November 2015	December 2015	January 2016	November 2014	December 2014	January 2015
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Broking services . . . . .	7,874	22,992	5,013	8,411	13,386	6,707
Securities margin financing services . . .	28,996	30,693	31,646	16,497	20,082	19,252
Corporate finance advisory services . . . . .	777	365	100	250	460	–
<b>Total</b> . . . . .	<b>37,647</b>	<b>54,050</b>	<b>36,759</b>	<b>25,158</b>	<b>33,928</b>	<b>25,959</b>

Due to the decreased trading activities, our monthly brokerage commission income decreased since November 2015 based on the unaudited financial statements of our Group. Nonetheless, our overall business, financial condition and results of operations since November 2015 have not been materially and adversely affected, since our management and the relevant account executives closely monitored the securities values in such volatile market by reviewing intra-day prices in order to take prompt actions (such as reducing margin limit of clients and making a margin call requesting clients to deposit additional funds or sell securities) to reduce our credit risk. Our Group managed to maintain a consistent interest income from securities margin financing due to having stable outstanding margin loans. Although our Group has carefully monitored the margin loans by making margin calls during the recession period of the Hong Kong stock market, the loan-to-value ratio (e.g. being 19.9% at as 30 November 2015) is relatively low such that our Group is able to maintain a stable margin loan with sufficient pledged stocks values. In addition, our Group's margin loan growth was driven by exploring new high-net-worth client(s).

Notwithstanding that our revenue decreased from December 2015 to January 2016 based on the unaudited financial statements of our Group, it is nonetheless higher than the revenue in comparison to that in December 2014 and January 2015. The reason for higher brokerage revenues in December for each of the years 2014 and 2015, as compared to November 2014 and 2015 and January 2015 and 2016, was mainly due to recognition of commission and brokerage incomes arising from completion of certain fundraising deals in which our Group had acted as placing agent/underwriters, as opposed to there having no such transactions completed in November for each of the year 2014 and 2015 as well as in January for each of the year 2015 and 2016.

No material impairment loss on accounts receivable was recorded for the two months ended 31 January 2016. As at 31 January 2016, the market value of the securities pledged to our Group was approximately HK\$15.4 billion, and the loan-to-value ratio, as calculated by the total outstanding margin loan balance in our Group's securities margin accounts as at 31 January 2016 divided by the market value of the securities pledged to our Group as at 31 January 2016, was 23.4%. However, market uncertainties remain. For more details, please refer to the sections headed "Risk Factors – Risks relating to Business and Operations of our Group – Our financial performance depends on the performance of the financial markets of Hong Kong" and "Risk Factors – Risks relating to Economic and Political Conditions in Hong Kong – General economic and market conditions could materially and adversely affect our business" in this prospectus.

As at 31 March 2013, 2014 and 2015, the loan-to-value ratio of our Group, as determined by the margin loan balance as at the end of the relevant year or period over the market value of the securities pledged to our Group as at the end of the relevant year or period, was approximately 37.3%, 28.0% and 18.8%, respectively. As at 30 November 2015, the loan-to-value ratio of our Group was approximately 19.9%.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 30 November 2015, being the date of our latest audited financial statements.

### RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorised into (i) risks relating to business and operations of our Group, (ii) risks relating to the industry in which our Group operates, (iii) risks relating to economic and political conditions in Hong Kong, and (iv) risks relating to the Global Offering.

For further information relating to these risks and other risks relating to an investment in the Offer Shares, please refer to the section headed "Risk Factors" in this prospectus.

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## SUMMARY

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### USE OF PROCEEDS

Assuming an Offer Price of HK\$1.20 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$1.00 and HK\$1.40 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$575.1 million from the Global Offering after deducting the underwriting commission and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to use the net proceeds from the Global Offering (assuming that the Over-allotment Option is not exercised) for the purposes and in the amounts set out below:

- approximately 36.52% or HK\$210.0 million to expand our securities margin financing business. The expansion of our securities margin financing business depends on the availability of our capital resources. We intend to further expand our securities margin financing services to more clients who wish to purchase securities on a margin basis. The expansion of our securities margin financing business would enhance our ability to increase our interest income and broaden our clients base. A larger amount of funds would allow us to offer margin loans to more clients and/or greater margin limits to our existing clients;
- approximately 34.78% or HK\$200.0 million for repayment of our Group's bank borrowings that we will be drawing down prior to the Listing for the repayment of part of the Shareholder's Loan. Such bank borrowings are short term loans repayable upon demand or up to one year and with interest rates of not higher than HIBOR + 2.25% p.a.;
- approximately 15.65% or HK\$90.0 million to expand our placing and underwriting business. The number of placing and underwriting transactions and the size of placing and underwriting transactions that we may undertake depends on the availability of our capital resources. We intend to further expand our placing and underwriting business by participating in more placing and underwriting transactions and placing and underwriting transactions of larger size;
- approximately 1.74% or HK\$10.0 million to enhance and develop our corporate finance advisory business by expanding our corporate finance department;
- approximately 1.74% or HK\$10.0 million to upgrade and improve the our information and technology infrastructure and trading platform to support our business growth;
- approximately 1.74% or HK\$10.0 million in the areas of sales and promotion to enhance awareness of the clients of our Group. We intend to advertise our services through different media such as television advertisements. It is believed that such activities would help promote the brand of our Company and would be helpful in expanding client base of our Company;
- approximately 1.74% or HK\$10.0 million to expand our broking business, in particular through recruiting additional staff for our sales and marketing team for our broking business; and
- approximately 6.10% or HK\$35.1 million as general working capital for our Group.

To the extent our net proceeds are either more or less than expected, we will use HK\$200 million for repayment of our Group's bank borrowings and will adjust our allocation of the remaining net proceeds for the other purposes described above on a pro rata basis.

For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

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## SUMMARY

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### OFFER STATISTICS

All statistics in the table below are based on the assumption that the Over-allotment Option is not exercised and the settlement of the amounts due to the ultimate holding company (the “Settlement”) has been completed.

	Based on an Offer Price of HK\$1.00 per Offer Share	Based on an Offer Price of HK\$1.40 per Offer Share
Market capitalisation <sup>(Note 1)</sup> .....	HK\$2,500 million	HK\$3,500 million
Unaudited pro forma adjusted combined net tangible assets per Share after the Settlement <sup>(Note 2)</sup> .....	HK\$1.28	HK\$1.36

*Note 1: The calculation of market capitalisation is based on 2,500,000,000 Shares expected to be issued and outstanding following the Global Offering.*

*Note 2: The unaudited pro forma adjusted combined net tangible assets of our Group per Share is arrived at on the basis of 2,500,000,000 Shares in issue immediately after Global Offering and the amounts due to the ultimate holding company immediately prior to the Listing have been settled by (i) cash of HK\$1,000 million (ii) set-off by the whole amounts due from the ultimate holding company at the same date, and (iii) the remaining balance by the issuance of 1,982,445,519 Shares. For details, please refer to Appendix II to this prospectus. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to our Company’s general mandate.*

### DIVIDEND POLICY

Subject to the Companies Law, through a general meeting, we may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law and our Memorandum and Articles of Association.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to our Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. We had paid dividends in the amount of nil, HK\$45.0 million, nil and nil, for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively.

As at the Latest Practicable Date, our Company has not adopted any dividend policy, our Company’s past dividend payment history is not, and should not be taken as, an indication of our potential future practice on dividend payments. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

### NON-COMPLIANCE INCIDENTS

During the Track Record Period, we failed to file certain notices regarding the commencement and cessation of employment within the prescribed time limit under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong). For details, please refer to the section headed “Business — Non-Compliance and Disciplinary Actions” in this prospectus. In view of the minor nature and extent of these non-compliance incidents, our Directors believe that these incidents, individually or in the aggregate, do not and will not have any material financial or operational impact on our Group.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Listing and the Global Offering. Assuming an Offer Price of HK\$1.20 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$1.00 and HK\$1.40 per Offer Share), listing expenses to be borne by us are estimated to be approximately HK\$34.0 million, of which approximately HK\$16.0 million is directly attributable to the issue of the Offer Shares to the public and to be capitalised, and approximately HK\$18.0 million has been or is expected to be reflected in our combined statements of profit or loss. Approximately HK\$8.6 million of the listing expenses were reflected in our combined statements of profit or loss during the Track Record Period. Our Directors do not expect such expenses to materially impact our results of operations for the year ending 31 March 2016.

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## DEFINITIONS

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

“Adoption Date”	16 March 2016, the date on which the Share Option Scheme is conditionally adopted by the sole Shareholder by way of written resolution
“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“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
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 16 March 2016 to take effect on the Listing Date, and as amended from time to time
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board of Directors” or “Board”	the board of directors of our Company
“Business Day”	any day (other than Saturday, Sunday and public holiday) in Hong Kong and which banks in Hong Kong are open generally for normal banking business
“BVI”	the British Virgin Islands
“close associate”	has the meaning ascribed thereto under the Listing Rules
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Get Nice Financial Group Limited (結好金融集團有限公司), a company incorporated on 31 August 2015 under the laws of the Cayman Islands as an exempted company with limited liability
“connected person”	has the meaning ascribed thereto under the Listing Rules
“connected transaction”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules and, in the context of this prospectus, means the controlling shareholder of our Company immediately after the Global Offering and the Loan Capitalisation Issue, being GN Holdings
“core connected person”	has the meaning ascribed thereto under the Listing Rules



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## DEFINITIONS

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“Deed of Indemnity”	the deed of indemnity dated 16 March 2016 executed by our Controlling Shareholder in favour of our Company, particulars of which are set out in the section headed “Statutory and General Information – E. Other Information – 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition undertakings dated 16 March 2016 executed by our Controlling Shareholder in favour of our Company, particulars of which are set out in the section headed “Relationship with Controlling Shareholder – Non-competition Undertakings” in this prospectus
“Director(s)”	the director(s) of our Company
“Distribution”	a conditional special interim dividend declared by GN Holdings to be satisfied by way of a distribution in specie of an aggregate of 167,755,348 Shares to the Qualifying GN Shareholders, subject to the satisfaction of the conditions as described in the section headed “Structure and Conditions of the Global Offering – The Distribution” in this prospectus
“eCapitalist.com”	eCapitalist.com (Asia) Limited (富財投資(亞洲)有限公司), a company incorporated in Hong Kong with limited liability on 26 August 1998 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation. It is a licensed corporation under the SFO to carry out Type 1 (Dealing on securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities
“Get Nice Asset Management”	Get Nice Asset Management Limited (結好資產管理有限公司), a company incorporated in Hong Kong with limited liability on 22 October 1999 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation. It is a licensed corporation under the SFO to carry out Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities
“Get Nice Capital”	Get Nice Capital Limited (結好融資有限公司), a company incorporated in Hong Kong with limited liability on 20 December 2000 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation. It is a licensed corporation under the SFO to carry out Type 6 (Advising on corporate finance) regulated activities
“Get Nice Finance”	Get Nice Finance Company Limited (結好財務有限公司), a company incorporated in Hong Kong with limited liability on 23 May 1989. It is engaged in money lending business which is one of the principal activities of the Remaining Group

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## DEFINITIONS

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“Get Nice Futures”	Get Nice Futures Company Limited (結好期貨有限公司), a company incorporated in Hong Kong with limited liability on 12 November 1992 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation. It is a licensed corporation under the SFO to carry out Type 2 (Dealing in futures contracts) and Type 5 (Advising on futures contracts) regulated activities
“Get Nice Incorporated”	Get Nice Incorporated, a company incorporated in the BVI on 8 April 1998 with limited liability and a direct wholly-owned subsidiary of our Company after completion of the Reorganisation
“Get Nice Investment”	Get Nice Investment Limited (結好投資有限公司), a company incorporated in Hong Kong with limited liability on 1 April 2008 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
“Get Nice Securities”	Get Nice Securities Limited (結好證券有限公司)(formerly known as Get Nice Investment Limited (結好投資有限公司)), a company incorporated in Hong Kong with limited liability on 21 December 1988 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation. It is a licensed corporation under the SFO to carry on Type 1 (Dealing in securities), Type 4 (Advising on securities), Type 6 (Advising on corporate finance) and Type 9 (Asset management) regulated activities
“Global Offering”	Hong Kong Public Offering and International Offering
“GN Holdings”	Get Nice Holdings Limited (結好控股有限公司), a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 23 January 2001, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 64). GN Holdings is our sole immediate Shareholder as at the date of this prospectus and will directly hold approximately 72.99% of the issued share capital of our Company immediately following completion of the Spin-off and the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme
“GN Holdings Group”	GN Holdings and its subsidiaries before the Spin-off, which include our Group
“GN Shareholders”	a holder of GN Shares
“GN Shares”	shares with par value of HK\$0.10 each in the share capital of GN Holdings

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## DEFINITIONS

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“Grace Field”	Grace Field Limited (捷田有限公司), a company incorporated in Hong Kong with limited liability on 24 November 1999 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO <b>White Form</b> Service Provider, designated by our Company
“Group”, “our Group”, “we”, “us” or “our”	our Company and its subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their predecessors
“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 of <b>HK eIPO White Form</b> at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“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 <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 52,000,000 Shares (subject to adjustment) being offered by us for subscription pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in this prospectus and the Application Forms relating thereto, as further described in the section headed “Structure and Conditions of the Global Offering – The Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Tricor Secretaries Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus

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## DEFINITIONS

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“Hong Kong Underwriting Agreement”	the underwriting agreement dated 23 March 2016 relating to the Hong Kong Public Offering entered into among us, our Controlling Shareholder and the Hong Kong Underwriters
“Independent Third Party(ies)”	a party which is not connected (as defined in the Listing Rules) to the directors, substantial shareholders or chief executive of our Company or our subsidiaries and their respective associates
“International Offer Shares”	the 455,554,481 Shares initially being offered by us for subscription at the Offer Price under the International Offering, subject to adjustment and re-allocation as described in the section headed “Structure and Conditions of the Global Offering” – The International Offering” in this prospectus
“International Offering”	the conditional placing by the International Underwriters of the International Offer Shares with institutional and professional investors and other investors (subject to adjustment and Over-allotment Option) expected to have a sizeable demand for our Shares, as further described in the section headed “Structure and Conditions of the Global Offering – The International Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and to be entered into among our Controlling Shareholder, the International Underwriters and us on or about the Price Determination Date, as further described in the section headed “Underwriting – International Underwriting Agreement” in this prospectus
“Joint Bookrunners” or “Joint Lead Managers”	Southwest HK Brokerage, Kingston Securities Limited and Emperor Securities Limited
“Latest Practicable Date”	14 March 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Legal Counsel”	Mr. Chan Chung, barrister-at-law of Hong Kong
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date, expected to be Friday, 8 April 2016, on which our Shares are listed and from which dealings in our Shares first commence on the Stock Exchange



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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Loan Capitalisation Issue”	the issue of 1,982,445,519 Shares to be made upon capitalisation of certain loan amount owing by our Group to GN Holdings referred to the section headed “Statutory and General Information – A. Further Information about our Group – 3. Written resolutions of our Sole Shareholder passed on 16 March 2016” in Appendix IV to this prospectus
“Macau”	the Macau Special Administrative Region of the PRC
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company, adopted on 16 March 2016 and as amended from time to time
“NobleNet”	NobleNet Limited, a company incorporated in the BVI with limited liability on 11 January 2000 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005%) of not more than HK\$1.40 and expected to be not less than HK\$1.00, such price to be agreed upon by us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date, as further described in the section headed “Structure and Conditions of the Global Offering – Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together (where applicable) with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option we will grant to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement at any time for up to 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 76,133,172 additional Shares, representing 15% of the initial Offer Shares, at the Offer Price, to among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure and Conditions of the Global Offering – Over-allotment Option” in this prospectus

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## DEFINITIONS

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“Overseas Excluded GN Shareholders”	a GN Shareholder whose address on the register of members of GN Holdings is in a jurisdiction outside Hong Kong on the Record Date who is excluded from the entitlement to receive Shares under the Distribution as the directors of GN Holdings, having made relevant enquiries, have resolved such exclusion to be necessary or expedient on account that such jurisdiction or jurisdictions, in the absence of a registration statement or other special formalities, would or might, in their opinion, be unlawful or impracticable, such jurisdiction being an “Excluded Territory”
“p.a.”	per annum
“Pacific Challenge Futures”	Pacific Challenge Futures Hong Kong Limited (太平洋興業期貨有限公司), a company incorporated in Hong Kong with limited liability on 15 May 1998 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
“Pacific Challenge Securities”	Pacific Challenge Securities Limited (太平洋興業證券有限公司), a company incorporated in Hong Kong with limited liability on 18 March 1993 and an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation. It is a licensed corporation under the SFO to carry out Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management)
“PRC” or “China”	the People’s Republic of China and, except where the context requires and only for the purpose of this prospectus, references in this prospectus to the PRC or China do not include Taiwan, Hong Kong or Macau
“Predecessor Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Price Determination Date”	the date, expected to be on or about Thursday, 31 March 2016 (Hong Kong time), but in any event no later than Tuesday, 5 April 2016 (Hong Kong time), on which the Offer Price is fixed for the purposes of the Global Offering
“Qualifying GN Shareholders”	GN Shareholders on the register of member of GN Holdings on the Record Date other than the Overseas Excluded GN Shareholders
“Record Date”	Tuesday, 29 March 2016, being the record date for GN Shareholders to ascertain entitlements to the Distribution
“Regulation S”	Regulation S under the U.S. Securities Act
“Remaining Business”	the business of money lending and investments in properties and financial instruments
“Remaining Group”	GN Holdings and its subsidiaries after completion of the Spin-off, which excludes our Group
“Reorganisation”	the reorganisation of the business comprising our Group, as described in the section headed “History, Reorganisation and Development – Reorganisation” in this prospectus

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## DEFINITIONS

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“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Share(s)”	ordinary shares issued by our Company, with a nominal value of HK\$0.01 each
“Share Option Scheme”	the share option scheme conditionally approved by our Company on 16 March 2016, the principal terms of which are summarised under the section headed “D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of our Shares
“Shareholder’s Loan”	Amounts due from our Group to GN Holdings prior to the Listing
“Southwest HK Brokerage” or “Sole Global Coordinator”	Southwest Securities (HK) Brokerage Limited, a licensed corporation registered under the SFO permitted to carry on Type 1 (Dealing in securities) and Type 4 (Advising on securities) regulated activities
“Southwest HK Capital” or “Sole Sponsor”	Southwest Securities (HK) Capital Limited, a licensed corporation registered under the SFO permitted to carry on Type 6 (Advising on corporate finance) regulated activities
“Spin-off”	the spin-off of our Company by way of Listing to be effected by the Distribution and the Global Offering
“sq.m.”	square metre(s)
“Stabilising Manager”	Southwest HK Brokerage
“Steppington”	Steppington Holdings Limited, a company incorporated in the BVI on 18 January 2000 with limited liability and a direct wholly-owned subsidiary of our Company after completion of the Reorganisation
“Steppington Group”	Steppington Holdings Limited, together with its subsidiaries
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Exchange Trading Rules”	Rules of the Exchange published by the Hong Kong Stock Exchange
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance or the Listing Rules, as the case may be
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Superior Capital”	Superior Capital Assets Limited, a company incorporated in the BVI with limited liability on 9 April 2001 and an indirect wholly-owned subsidiary of GN Holdings. Upon completion of the Reorganisation, it became an indirect wholly-owned subsidiary of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“%”	per cent.

*If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names shall prevail.*

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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.*

“AMS”	Automatic Order Matching and Execution System, an electronic stock trading system of the Stock Exchange, the first generation of which was implemented in 1993 and is currently in its third generation
“BSS Gateway”	the Broker Supplied System Gateway, one of the choices for connecting trading facilities to the Open Gateway
“BSS”	the Broker Supplied System, being a front office solution either developed in-house by the Stock Exchange Participant or a third-party software package acquired from commercial vendors, enabling the Stock Exchange Participant to connect its trading facilities to the Open Gateway to conduct trading
“CAGR”	compound annual growth rate
“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
“EP” or “EPs”	Stock Exchange Participants
“FATCA”	the Foreign Account Tax Compliance Act
“FFIs”	foreign financial institutions
“FRR”	Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong)
“Futures Exchange”	Hong Kong Futures Exchange Limited



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## GLOSSARY OF TECHNICAL TERMS

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“Futures Exchange Participant(s)”	a licensed corporation to carry on Type 2 (Dealing in futures contracts) regulated activity under the SFO who, in accordance with the rules of the Futures Exchange, may trade on or through the Futures Exchange and whose name is entered in a list, register or roll kept by the Futures Exchange as a person who may trade on or through the Futures Exchange
“GEM”	the Growth Enterprise Market of the Stock Exchange
“H Shares”	overseas listed foreign shares of companies incorporated in the PRC which are listed on the Stock Exchange
“HIBOR”	Hong Kong Interbank Offered Rate
“HKATS”	Hong Kong Futures Automated Trading System
“HKEx”	Hong Kong Exchanges and Clearing Limited
“HKMA”	Hong Kong Monetary Authority
“HKSCC Participant”	a participant who has been duly registered as a clearing participant of HKSCC
“House Account(s)”	a securities or futures client account(s) where the broking commission is completely attributed to our Group
“HSI”	Hang Seng Index
“IGA”	intergovernmental agreement signed between Hong Kong and the U.S. for implementation of FATCA
“IPO”	initial public offering, the listing of a company’s shares on a stock exchange
“IRS”	U.S. Internal Revenue Service
“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
“Main Board”	the stock exchange (excluding the futures market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“MWS”	the Multi-Workstation System, a part of the AMS that is a computer-based system designed to automatically record, match and execute orders to buy or sell securities listed on the Stock Exchange

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## GLOSSARY OF TECHNICAL TERMS

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“NG”	Network Gateway
“NSTD”	New Securities Trading Device
“OAPI”	Omnet Application Programming Interface
“OCG”	Hong Kong Stock Exchange Orion Central Gateway
“OMD”	Hong Kong Stock Exchange Orion Market Data
“Open Gateway”	a windows-based device provided by HKEx and installed at the Stock Exchange Participants’ office to facilitate electronic interface of the AMS/3.8 with front office systems operated by the Stock Exchange Participant
“Red Chip Companies”	enterprises that are incorporated outside of the PRC and are controlled by PRC government entities
“Referred Account(s)”	a securities or futures client account(s) where the broking commission is shared between our Group and the responsible account executive
“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
“Securities Business”	the business of broking services, placing and underwriting services, securities margin financing services and corporate finance advisory services
“Self-Employed AE(s)”	a self-employed account executive(s)
“Staff AE(s)”	an in-house account executive(s)
“Stock Exchange Participant(s)”	corporation(s) licensed to carry on Type 1 (Dealing in securities) regulated activity under the SFO who, in accordance with the rules of the Stock Exchange, may trade on or through the Stock Exchange and whose name(s) is/are entered in a list, register or roll kept by the Stock Exchange as person(s) who may trade on or through the Stock Exchange
“Stock Exchange Trading Right”	a right to be eligible to trade on or through the Stock Exchange and entered as such a right in the register of trading rights kept by the Stock Exchange
“T+2”	two trading days from the relevant transaction day

*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 include, but are not limited to, statements relating to:

- our operations and business prospects;
- future developments, trends and competition in industries and markets in which we operate;
- our strategy, business plans, objectives and goals and our ability to successfully implement them;
- our capital expenditure plans;
- our dividend distribution plans;
- 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; and
- 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.

In some cases, we use words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “project”, “seek”, “should”, “will”, “would” and other similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this prospectus, including statements regarding our future financial position, strategy, projected costs and plans and objectives of management for future operations, 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.

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, factors disclosed under the section headed “Risk Factors” and elsewhere in this prospectus.

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## **FORWARD-LOOKING STATEMENTS**

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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.

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## RISK FACTORS

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*Potential investors should consider carefully all information set out in this prospectus and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to our Shares. The trading price of our Shares may decline due to any of these risks and you may lose all or part of your investment as a result.*

*In addition to the risk factors described below, other risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem immaterial, may also adversely affect our business, operating results and financial condition in a material respect and the trading price of the Offer Shares could also fall considerably.*

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

#### **We may suffer losses from our credit exposures in our securities margin financing and securities and futures and options broking businesses.**

We provide securities margin financing services to clients. Interest income from securities margin financing accounted for approximately 72.4%, 67.7%, 69.2% and 63.6% of our total revenue for the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, respectively. As at 30 November 2015, our Group's outstanding margin loan amounted to approximately HK\$3.6 billion.

Margin loan provided to a client is required to be maintained within the margin value of the client's pledged securities. During the Track Record Period, there were times when the margin loan amounts were not fully secured by our clients' pledged securities. As at 31 March 2013, 2014 and 2015 and 30 November 2015, the outstanding margin loans were secured by clients' pledged securities with fair value of approximately HK\$3.8 billion, HK\$6.3 billion, HK\$15.9 billion and HK\$17.9 billion, respectively. Amongst our margin loan amounts as at 31 March 2013, 2014 and 2015 and 30 November 2015, the margin loans with an aggregate outstanding balance of approximately HK\$32.4 million, HK\$40.5 million, HK\$35.8 million and HK\$29.4 million, respectively, were not fully secured. As at 31 March 2013, 2014 and 2015 and 30 November 2015, we held collateral of listed equity securities with a fair value of approximately HK\$17.1 million, HK\$11.7 million, HK\$14.6 million and HK\$7.8 million in respect of these loans. Such decrease in fair value was mainly due to a decrease in the value of collateral. In the event of adverse movement in the prices of the clients' pledged securities which results in the value of the pledged securities to fall below our prescribed value, we may make a margin call requesting the client to deposit additional funds or securities to reduce our exposure to credit risk. If our clients are unable to meet the margin calls, we are entitled to sell the relevant pledged securities and apply the sales proceeds toward repayment of the outstanding balance. However, there is a risk that the sales proceeds recovered from the disposal of the pledged securities may fall short of the outstanding amount of the margin loan. With respect to Referred Accounts, should there be any shortfall following the sale of the pledged securities and further recovery efforts, the losses will be borne by the relevant account executives. There is no assurance that the relevant account executives will have sufficient financial resources to compensate us for our losses. We would suffer a loss if we fail to recover the shortfall from our clients (or, if applicable, the account executives). We may also need to incur costs to recover the shortfall from our clients or relevant account executives. We have recorded a net impairment loss of approximately HK\$0.8 million and HK\$1.7 million and HK\$3.1 million for the years ended 31 March 2013 and 2014 and for the eight months ended 30 November 2015, respectively. We have reversed an impairment loss of approximately HK\$3.0 million for the year ended 31 March 2015.



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## RISK FACTORS

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As stipulated by HKSCC, our cash clients shall settle their securities transactions within T+2. However, in the case that any of them are unable to settle the transaction within T+2, our Group will be required to settle on behalf of such clients using our own resources. As at 31 March 2013, 2014 and 2015 and 30 November 2015, we have recorded accounts receivable from our cash clients in the amount of approximately HK\$22.2 million, HK\$21.8 million, HK\$13.0 million and HK\$17.4 million, respectively. We cannot assure you that our cash clients will settle the transaction within T+2. In the event that they fail to do so, we may suffer a loss if we fail to recover the settlement payment from our clients. We may also need to incur costs to recover such amount from our clients.

The Futures Exchange sets out the minimum margin deposit required for trading of each futures contract and clients of our Group are required to maintain at all times the minimum margin deposit which may vary from time to time as determined by the Futures Exchange. When a client is unable to meet a margin call, our Group will close the position of the relevant futures contract. Should any outstanding balance in the client's account remain unpaid following the closing of the position of the futures contract which require further recovery efforts, our Group will suffer a loss. During the Track Record Period, there was no impairment loss nor bad debts written off in respect of our Group's futures and options broking business.

### **We may not be able to maintain the same growth on our profitability in the future.**

The Hong Kong stock market has experienced a significant surge during the first-half of 2015. This has contributed to the growth of our Group's net profit for the year ending 31 March 2016. However, we cannot assure you that our growth rate can be maintained at any particular level or at all. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including the performance of the financial markets of Hong Kong. Should there be any changes which adversely affect our operations, our financial condition, results of operations, growth and profitability could be materially and adversely affected.

### **Our financial performance depends on the performance of the financial markets of Hong Kong.**

We generate income mainly from the provision of (i) broking services; (ii) securities margin financing services; and (iii) corporate finance advisory services.

Our financial results are primarily dependent upon the performance of the financial markets of Hong Kong as a whole. The Hong Kong financial markets are directly affected by, among others, the global and local political and economic environments. For instance, the Hong Kong financial markets in the last quarter of year 2015 has been volatile and fluctuating. According to the monthly market highlights published on the website of the Stock Exchange, the average daily turnover by value decreased by approximately 18.0% in December 2015 and increased by approximately 33.3% in January 2016, compared to that in November 2015 and December 2015, respectively. As a result, we have recorded a decrease in our monthly brokerage commission from December 2015 to January 2016 based on the unaudited financial statements of our Group. For further details, please refer to the section headed "Summary – Recent Development" in this prospectus.

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

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## RISK FACTORS

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

The Hong Kong financial market in which we operate is highly regulated. There are changes in rules and regulations from time to time in relation to the regulatory regime for the financial service industry, including but not limited to, the SFO, the Predecessor Companies Ordinance, the Companies Ordinance, the FRR, the Listing Rules, the Stock Exchange Trading 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 suspension or revocation of some or all of our licenses for carrying on our business activities.

Furthermore, we are required to be licensed with the relevant regulatory authorities including without limitation, as licensed corporations under the SFO. In this respect, we have to ensure continuous compliance with all applicable laws, regulations 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 operation.

We may be subject to regulatory inspections and investigations from time to time. With respect to SFC investigations, we may be subject to secrecy obligations under the SFO whereby we are not permitted to disclose certain information relating to the SFC investigations. Unless we are specifically named as the party that is being investigated under the SFC investigation, we generally do not know whether we, any member of our Group, or any of their respective directors, Responsible Officers, Licensed Representatives or staff is the subject of the SFC investigations. If the results of the inspections or investigations reveal serious misconduct, the SFC may take disciplinary actions which would lead to revocation or suspension of licenses, public or private reprimand or imposition of pecuniary penalties against our Company, our Responsible Officers or Licensed Representative and/or any of our staff. Any disciplinary actions taken against or penalties imposed on our Company, our Directors, Responsible Officers or Licensed Representatives, relevant staff could have an adverse impact on our business operations and financial results.

**The demand for our underwriting and placing service is subject to various risks and there can be no assurance that our underwriting and placing commission can be sustained.**

Underwriting and placing commission accounted for approximately 4.6%, 4.3%, 4.2% and 10.0%, respectively of our total revenue for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively.

Depending on the terms of the particular underwriting or placing agreements, our underwriting and placing service is conducted either on a fully underwritten basis or on a best effort basis. For underwriting transactions, whereby the fundraising exercises are conducted on a fully underwritten basis, we are obliged under our underwriting commitment to take up any portion of the commitment which has not been met by others. Our financial position would also be adversely affected if the underwritten securities taken up by us become illiquid and/or their market value drops.

In the case of fundraising on a best effort basis, if the securities are undersubscribed or if the market conditions are volatile, the fundraising exercise may not be completed in full or may be cancelled as a result. This would lead to a reduction in our commission or we may even receive no commission at all.

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## RISK FACTORS

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Furthermore, the underwriting and placing commission generated by our Group is directly related to the number of underwriting and placing exercises we are involved in and/or the amount the clients intend to raise. Our Directors consider that this would be subject to external factors which are beyond our control, such as the number and the size of IPOs in the market, and whether the secondary market for fundraising exercises is active under the prevailing financial market environment. There is no assurance that the performance of our Group's underwriting and placing business will not be adversely affected by such external factors.

### **Our corporate finance advisory services may attract professional liabilities.**

Service fees received from the provision of corporate finance advisory services accounted for approximately 0.3%, 0.2%, 0.7% and 0.7% of our total revenue for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively. Our corporate finance advisory services normally involve providing professional advice to our clients. Our clients, who rely on such professional advice may suffer loss if we are negligent in providing such advice and therefore might claim compensation against us. The key business risk associated with corporate finance advisory services is, amongst other risks, possible claims or lawsuits arising from professional negligence and employee infidelity. Should we experience any incident such claims or lawsuits, it may have an adverse impact on our financial position and reputation. During the Track Record Period, we had not received any claim from our clients in respect of our corporate finance advisory services.

### **We may have to bear losses resulting from trading errors.**

During the course of providing broking services, trading errors may occur such as errors made on taking client's instructions (for example, incorrect security name or stock code, quantity of the transactions or incorrect buy/sell orders) or incorrect input of client's instructions or client's account numbers. For each of the years ended 31 March 2013, 2014 and 2015, the net loss resulting from our Group's trading errors amounted to HK\$2,000, HK\$119,000 and HK\$51,000, respectively. We have record a net realised gain on error trades of approximately HK\$23,000 for the eight months ended 30 November 2015.

We have to bear the losses resulting from trading errors made by our Self-Employed AEs and Staff AEs. In the event that the trading errors cannot be effectively prevented or controlled, or rectification measures could not cover the loss incurred, the financial results of our Group would be adversely affected.

### **If we fail to implement our business strategies successfully or if we fail to manage our growth effectively, our business, financial condition and results of operations and future growth may be materially and adversely affected.**

Our future success depends on our ability to implement our expansion plans. We cannot guarantee that our business strategies will be successful. Our key business strategies include further development of our core business by expanding our securities margin financing business and broking business, further development of underwriting and placing service, increasing and maintaining client confidence and loyalty, strategic development on new markets and consolidating securities trading platform and continuous improvement in our IT infrastructure. If we fail to implement our business strategies successfully or we fail to manage our growth effectively, our business, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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**We had negative operating cash flow for the years ended 31 March 2014 and 2015 and the eight months ended 30 November 2014 and 30 November 2015 and we may not be able to obtain additional working capital to meet our funding requirements.**

We had negative cash flow from operating activities of approximately HK\$252.5 million, HK\$1,030.0 million, HK\$328.7 million and HK\$222.5 million for the years ended 31 March 2014, 2015 and the eight months ended 30 November 2014 and 30 November 2015, respectively. For details of the reasons attributable to the negative cash flow from operating activities, please refer to the section headed “Financial Information – Liquidity and Capital Resources – Cash Flow – Net cash generated from/used in operating activities” in this prospectus. While our Directors believe that we have sufficient funds to finance our current working capital requirements, our operating cash flow may be an adverse factor that is beyond our control. We cannot assure you that we will not experience negative operating cash flow in the future. We may require additional cash resources if there is a change in business and economic conditions, to take advantage of business opportunities, to expand our operations as a result of other future developments. If our current liquidity sources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain credit facilities. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financial covenants that would restrict our operations, while the sale of additional equity securities or convertible debt securities would result in a dilution to our Shareholders’ interest.

Our ability to obtain additional capital on acceptable terms is subject to a variety of risks and uncertainties, including:

- investors’ perception of, and demand for, securities in our Company;
- conditions of the capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows; and
- economic, political and other conditions in Hong Kong and its financial markets.

We cannot assure you that external borrowings will be available in amounts or on terms acceptable to us, or at all. Any failure by us to raise additional funds on terms acceptable to us or at all could have a material adverse effect on our liquidity, financial condition and results of operations.

**We intend to utilize our banking facilities to repay the Shareholder’s Loan.**

We also intend to utilize our banking facilities to repay the Shareholder’s Loan. Our Group may not have sufficient cash to support our growth and for our daily operation in the event that we used up all of our banking facilities.

Please refer to the section headed “Financial Information – Indebtedness – Loans and other borrowings – Amounts due to GN Holdings” of this prospectus.

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## RISK FACTORS

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**Our interest expenses will increase as a result of the bank loans that we obtained to repay part of our Shareholder's loan and meet our funding requirements.**

During the Track Record Period, our Group's securities margin financing business was mainly supported by the interest-free advances provided from GN Holdings.

As at 30 November 2015, the net amounts due to GN Holdings were approximately HK\$2.3 billion. These amounts will be settled partly through Loan Capitalisation Issue and partly through repayment in cash. We plan to utilise bank loans in the aggregate amount of HK\$975.0 million for the cash repayment of the amounts due to GN Holdings. In addition, because we will not be relying on Shareholder's loans after the Listing, we may need to obtain debt financing to meet our funding requirements. All of these will result in an increase in interest expenses, which could have downward effect on our profitability, finance condition and results of operations. Please also refer to the paragraph "We had negative operating cash flow for the years ended 31 March 2014 and 2015 and the eight months ended 30 November 2014 and 30 November 2015 and we may not be able to obtain additional working capital to meet our funding requirements." in this section.

**The stocks that are pledged to our Group by our clients to secure their margin loans are mainly Hong Kong listed non-blue chip securities.**

As at 31 March 2013, 2014 and 2015 and 30 November 2015, the stocks that were pledged by our clients to our Group to secure their margin loans were mainly non-blue chip securities of Hong Kong listed companies with market capitalisation of HK\$1 billion or above. The percentage of blue chip securities in the stocks that were pledged by our clients to our Group to secure their margin loans as at 31 March 2013, 2014 and 2015 and 30 November 2015 was approximately 3.4%, 2.5%, 1.5% and 1.1%, respectively, whereas the percentage of non-blue chip securities of Hong Kong listed companies with market capitalisation of HK\$1 billion or above as at 31 March 2013, 2014 and 2015 and 30 November 2015 represented approximately 73.3%, 68.8%, 83.1% and 88.8%, of the stocks that were pledged by our clients to our Group to secure their margin loans, respectively. Compared to non-blue chip securities, blue chip securities have a relatively larger market capitalisation and higher trading turnover. As such, compared to non-blue chip securities, blue chip securities are generally the preferred securities for margin loans. If, for any reason, we are not able to sell the pledged securities or sell promptly or sell at a reasonable price if we wish to exercise our rights to do so, we may suffer losses. Our business, financial condition and results of operations may be materially and adversely affected as a result.

**Misconduct of our personnel could harm our reputation and business and is difficult to detect and deter.**

While we have put in place internal control policies, they may still contain inherent limitations caused by misjudgement or fault of our Directors, senior management and/or staff. Misconduct of our personnel (including our Staff AEs and Self-Employed AEs) could result in violation of laws by us, regulatory sanctions against us and material reputational or financial harm to our disadvantage. Misconduct of our personnel could include binding us to a transaction that exceeds the authorised limits, 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 the laws or our control procedures. Throughout the Track Record Period and up to the Latest Practicable Date, there had been no formal disciplinary action or reprimand against any director of our Group or any of our staff, Licensed Representatives and Responsible Officers. We cannot assure that there will not be any misconduct by our personnel, or that future incidents of misconduct of our personnel will not subject us to serious penalties or limitations on our business activities. It is not always possible



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to deter 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 of our personnel, which may have a material adverse effect on our business, financial condition and results of operations.

**Our operations depend on key management and our business may suffer if we are unable to retain or replace them.**

Our performance and the implementation of our business plans and strategies depends significantly on the vision of our key management personnel including our executive Directors and senior management including Mr. Ng Hon Sau, Larry and Mr. Cheng Wai Ho, being Responsible Officers for our securities and futures and options broking business. Please refer to the sections headed “Directors, Senior Management and Employees – Executive Directors” and “Directors, Senior Management and Employees – Senior Management” of this prospectus for details of the responsibilities of our executive Directors and senior management, respectively. If our executive Directors, senior management, or other key management personnel, are unable or unwilling to continue their service, 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 improve our relationship with our clients.**

During the Track Record Period, we derived approximately 27.4%, 25.1%, 17.2% and 14.5% of our total revenue from our five largest clients, respectively. These major clients are independent of and not connected with the 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 major clients will depend on the maintenance of a good business relationship between our Group and these major clients. We cannot assure you that we will be able to maintain or improve our relationship with our clients and they may terminate their respective relationship with us at any time. Our profit may be adversely affected if any of our major clients does not continue to use, or if any of them significantly reduces his/her use of our services.

**Our revenue and profitability are unpredictable.**

Our revenue is mainly generated on a transaction-by-transaction basis. Furthermore, our revenue is also subject to the size of transactions and the scope of services being rendered.

Given the nature of our business, our revenue and profitability are unpredictable. Therefore our future financial results may be subject to fluctuations depending on our success in entering into new transactions. There are no assurances that we will be able to attain engagements at similar levels to those during the Track Record Period. Furthermore, there is no assurance that the engagements we procure will be completed due to the market conditions and circumstances of each engagement.

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

We face significant legal and reputational risks in our business, including potential liabilities under securities or other laws for materially false or misleading statements made in connection with securities offerings, potential liabilities for the advice provided to clients in corporate transactions and possible disputes over the terms and conditions of complex trading arrangements. We may also be subject to claims for alleged negligent misconduct, breach of fiduciary duty or breach of contract. These risks may be difficult to assess or quantify and their existence and magnitude often remain unknown for a substantial period of time. We may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental authorities.

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

**We face increasing risks as new business initiatives lead us to offer new products and services, transact with a broader array of clients 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 often lead us to offer new products and services and transact with individuals and entities that are not our traditional clients and counterparties. These business activities expose us to new and greater risks, including reputational concerns arising from dealing with less sophisticated counterparties and investors, greater regulatory scrutiny, increased credit, operational and market risks.

**We may not be able to detect illegal or improper activities including money laundering in our business operations on a timely basis and financial condition.**

Our Group is 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 “Guideline on Anti-Money Laundering and Counter-Terrorist Financing” issued by the SFC which has become effective since July 2012. These laws and regulations require our Group, among other things, to carry out client due diligence and to report suspicious transactions to the applicable regulatory authorities. Although we have policies and procedures aimed at detecting and preventing the use of our operations for money laundering activities and other illegal or improper activities, such policies and procedures may not prevent clients’ intentional fraudulent behaviour. We may not be able to detect money laundering and other illegal or improper activities fully or in a timely manner, which could expose our Group to liabilities, fines and other penalties and may affect our businesses.

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 may impose fines and/or penalties on us, which may significantly affect our business operations and financial results.

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**Any recurrence of natural disasters or sever contagious diseases in any market may adversely affect us.**

Our operations are mainly based in Hong Kong. Natural disasters, epidemics, acts of God, acts of war and terrorist attacks, which are beyond our control, may adversely affect the financial markets, the economy and the livelihood of the people in Hong Kong, which could in turn have a material adverse effect on our business, financial condition and results of operations.

There have been reports in the past of outbreaks of a highly pathogenic avian influenza caused by the H5N1 virus in certain regions of Asia and Africa since 2004. The World Health Organisation and other agencies have issued and may continue to issue warnings on potential avian influenza pandemics if there is sustained human-to-human transmission. Furthermore, the World Health Organisation in April 2009 raised its pandemic alert level in response to an outbreak of influenza A caused by the H1N1 virus that originated in Mexico, and resulted in a number of confirmed cases worldwide. An outbreak of a contagious disease such as those outlined above in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, particularly in Asia. Additionally, a recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in the first half of 2003, which affected the PRC, Hong Kong and other areas, could have similar adverse effects. We cannot assure you that any future outbreak of avian influenza, SARS, Ebola, MERS, influenza A (H1N1) or other epidemics, will not seriously interrupt our operations or the Hong Kong financial market, which may have a material adverse effect on our business, financial condition and results of operations.

**We heavily rely on computer systems to process and record our transactions.**

Our operations heavily rely on computer systems. Our computer systems may be vulnerable to the attacks of computer viruses, worms, hackers or other disruptive actions by visitors or other internet users. Such disruptions may cause data corruption and interruption to our storage system and delay or cessation in the services provided through our securities dealing system. This could result in a material adverse effect on our business. Inappropriate use of the internet by third parties may also jeopardise the security of confidential information (such as trading data or trading records) stored in the computer system and cause losses to our Group.

We have fully migrated our trading platform from the redundant MWS/AMS to the NSTD system. The new system is provided by a vendor recognised by the Stock Exchange to execute clients' instructions, and, to process a large number of transactions simultaneously during peak periods. We rely on our vendor to provide backup services for all our data. If, for any reason beyond our control, there is a failure of our NSTD system or our vendor fails to record our transactions or backup our data, our business operation may be adversely affected.

Since technology changes rapidly, we are also exposed to the risk that our systems may not be competitive or we may need to pay further costs for the development or maintenance of a more competitive system.

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

**The financial service industry in Hong Kong is highly competitive and new market competitors entering into the market could adversely affect our operating performance and financial results.**

The financial service industry in Hong Kong has a large number of participants which makes the industry highly competitive. As at 31 December 2015, there were 550 Stock Exchange Participants including 515 trading participants and 35 non-trading participants on the Stock Exchange. New participants may enter into the industry so long as they obtain the requisite licences and permits.

Apart from large multi-national financial institutions such as banks and investment banks with a global network and local presence in Hong Kong, we also face competition from local medium and small-sized financial services firms which offer a similar range of services. We may not be able to compete effectively and successfully with the competitors and the results of our operations may be adversely affected should such competition be intensified. The price competition on brokerage commission in recent years may result in the decrease in our brokerage commission income.

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

**Licensed corporations are required to maintain a high level of liquidity.**

Pursuant to the FRR, a licensed corporation shall maintain liquid capital which is not less than the required level at all times. For each of Get Nice Securities and Get Nice Futures, the required liquid capital is the higher of HK\$3 million and 5% of the aggregate of (a) its adjusted liabilities; (b) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients; and the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to payment of initial margin requirements.

Our Group must maintain a high level of liquidity at all times to comply with the FRR. Failure to meet the above requirement may cause the SFC to take appropriate actions against our Group, which may adversely affect our Group's operations and performance. During the Track Record Period, there had been no failure to comply with the FRR requirements for both Get Nice Securities and Get Nice Futures.

### RISKS RELATING TO ECONOMIC AND POLITICAL CONDITIONS IN HONG KONG

**General economic and market conditions could materially and adversely affect our business.**

Our business and operations are based in Hong Kong and our Group had derived all our income in Hong Kong during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are affected by government policies, as well as economic, social political and legal developments in Hong Kong. As an open economy,

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Hong Kong's domestic economy is also affected by many other unpredictable factors such as economic, social, legal and political development in the PRC, fluctuations in global interest rates, and changes in local and international economic and political situations. There is no assurance that any changes of the existing government policies, economic, social, political conditions and the business environment in Hong Kong and the PRC in the future will have a positive effect on our business operations.

**Our business may be affected by any changes in tax laws and regulations.**

Under prevailing Hong Kong laws and regulations, our profit is subject to taxation in Hong Kong. There are no assurance that the prevailing tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may have an adverse impact on our business operations and financial results.

### **RISKS RELATING TO THE GLOBAL OFFERING**

**Our dividend distribution after the Global Offering will be made at the discretion of our Directors.**

Our dividend distribution after the Global Offering will be made at the discretion of our Directors, if any, in Hong Kong dollars with respect to our Shares on a per Share basis and depends on many factors, including our earnings and financial condition, operating requirements, capital requirements and any conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders.

For each of the three years ended 31 March, 2013, 2014 and 2015 and the eight months ended 30 November 2015, we paid dividends in the amounts of approximately nil, HK\$45.0 million and nil and nil, respectively. However, the amount of dividends that our Company has declared and made in the past do not indicate the dividends that our Company may pay in the future.

**Our investors' interest as Shareholders may be diluted if we raise funds by issuing more Shares.**

If we raise funds by issuing new equity or new equity-linked securities in order to meet our funding needs, our investors' percentage ownership of our Company may decrease. Additionally, if the new equity that we issue confers preferential rights, such rights may take priority over those rights conferred by our Shares.

**Investors may face difficulties in protecting their interests under the Cayman Islands law.**

The rights of the Shareholders to take actions against our Directors and the rights of our minority shareholders to take actions against us and the duties of our Directors towards 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 jurisdictions. For further details, please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.



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**We will continue to be controlled by our Controlling Shareholder, whose interests may differ from our investors' interests and the interests of other Shareholders.**

Prior to the Distribution and the Global Offering, GN Holdings was our Controlling Shareholder and directly owned 100% of our Shares. Our Controlling Shareholder will directly own a total of approximately 72.99% of our Shares after the Distribution and the Global Offering. While our Controlling Shareholder will have a smaller percentage of shareholding after the Distribution and the Global Offering and will be bound to adhere to the process of decision making set out in our Articles of Association and as required by law, our Controlling Shareholder may still be able to influence our major policy decisions, business strategy and material transactions. It is possible that there may be differences in opinion between our Controlling Shareholder and our remaining Shareholders from time to time, and we cannot guarantee that our Controlling Shareholder will influence our Company to pursue or refrain from pursuing strategies or actions in a manner that serves the best interest of the remaining Shareholders.

**Prospective investors should read the entire prospectus carefully, and are strongly cautioned not to place any reliance on information contained in the media or the press which are not consistent with the information in this prospectus.**

There may have been press and media coverage regarding us and the Global Offering prior to the publication of this prospectus. We may not have any control over the information that is released in press and media reports, and may not have authorised such reports. We therefore make no representation as to the accuracy, completeness or reliability of the information in any such press or media coverage. To the extent that the information in such press or media coverage conflicts with the information we have provided in this prospectus, we disclaim such information. In deciding whether or not to subscribe for our Shares, investors should rely only on the information included in this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Predecessor Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that (i) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and (iii) all opinions expressed in this prospectus have been arrived at after due and careful considerations, and are founded on bases and assumptions that are fair and reasonable.

### **INFORMATION ON THE GLOBAL OFFERING**

The Hong Kong 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 Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

For further details of the structure and conditions of the Global Offering, including its conditions, please refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Applications Forms.

### **UNDERWRITING**

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date.

The International Offering is expected to be underwritten by the International Underwriters.

For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **SELLING RESTRICTIONS**

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

No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made save as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, including the Offer Shares, any Shares which may be sold or issued pursuant to the exercise of the Over-allotment Option. Dealings in our Shares on the Stock Exchange are expected to commence on Friday, 8 April 2016. None of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### **COMMENCEMENT OF DEALINGS IN OUR SHARES**

Dealings in our Shares on the Stock Exchange are expected to commence on Friday, 8 April 2016. Our Shares will be traded in board lots of 4,000 Shares each. The stock code of our Shares will be 1469.

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

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or 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 trading date after the trade date. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

### **OVER-ALLOCATION AND STABILISATION**

Please refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus for details of the arrangement.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **REGISTER OF MEMBERS AND STAMP DUTY**

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our Company's branch register of members to be maintained in Hong Kong by Tricor Secretaries Limited. Our Company's principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands, Appleby Trust (Cayman) Ltd.

No stamp duty is payable by applicants in the Global Offering. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the value of our Shares being sold or transferred.

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

### **PROCEDURES FOR APPLYING FOR HONG KONG OFFER SHARES**

For details of the procedures for applying for Hong Kong Offer Shares, please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Applications Forms.

### **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

For details of the structure and conditions of the Global Offering, including its conditions, please refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are advised to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in our Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, Shares.

### **CURRENCY TRANSLATIONS**

Unless otherwise specified, amounts denominated in Renminbi and U.S. dollars have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK\$1.00 : RMB0.8378, HK\$7.7589 : US\$1.00, RMB6.5000: US\$1.00

No representation is made that any amounts in Renminbi, U.S. dollars or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

### **ROUNDING**

Certain amount and percentage figures included in this prospectus have been subject to rounding adjustments or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

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## THE SPIN-OFF AND THE DISTRIBUTION

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### THE SPIN-OFF

GN Holdings submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules (“**PN15**”) in relation to the Spin-off and, on 23 July 2015, the Stock Exchange confirmed that GN Holdings may proceed with the Spin-off. The reduction of GN Holdings’ shareholding interest in our Company following completion of the Spin-off constitutes a major transaction of GN Holdings under the Listing Rules. The Spin-off has been approved by the GN Shareholders on 10 December 2015 under PN15 and the Listing Rules.

GN Holdings is principally engaged in the provision of securities and financial services and has been listed on the Main Board of the Stock Exchange since 2002. Following completion of the Spin-off, the Remaining Group will be principally engaged in the Remaining Business, whereas our Group will focus on the Securities Business. The Spin-off aims to allow separate platforms for the two businesses of the Remaining Group and our Group with clear delineation and allow the respective management of the Remaining Group and our Group to have a more defined business focus on their own core business segments.

### REASONS FOR AND BENEFITS OF THE SPIN-OFF

The directors of GN Holdings believe that the Spin-off will be beneficial to the Remaining Group and our Group for the following reasons:

- (a) each of the Securities Business and the Remaining Business is individually and substantially well-established and the directors of GN Holdings believe that the business segments in each of the Securities Business and the Remaining Business will continue to achieve growth in the future. By delineating clearly between the Remaining Business and the Securities Business, the Spin-off allows the Remaining Group and our Group to create a more defined business focus and efficient resource allocation, which in turn facilitates and enhances the growth of both businesses;
- (b) the Spin-off will enable the management of GN Holdings and our Company to dedicate their time to building the respective core businesses of the Remaining Group and our Group, adopt different business strategies which better suit their respective core businesses and increase their responsiveness to market changes and opportunities specific to their respective core businesses;
- (c) the Spin-off will allow both GN Holdings and our Company to target their respective shareholder bases more effectively, which would in turn improve capital raising on a competitive basis;
- (d) the Spin-off will provide GN Shareholders and our Company with greater shareholder value on their respective merits and increase operational and financial transparency through which investors would be able to appraise and assess the performance and potential of our Group, as our Company will enjoy enhanced flexibility to operate and expand our business, whereas GN Shareholders will be able to enjoy the enhanced value from our growth by maintaining a controlling interest over our Group; and
- (e) the Spin-off will create two groups of companies and by distribution in specie, GN Shareholders will be able to get one Share for every 40 GN Shares held by them on the Record Date. GN Holdings will therefore return value to its shareholders in the form of liquid securities.



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## THE SPIN-OFF AND THE DISTRIBUTION

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In light of the above, the directors of GN Holdings consider that the Spin-off is in the interests of GN Holdings and its subsidiaries (including our Group) and GN Shareholders taken as a whole.

In accordance with the requirements of PN15 of the Listing Rules, GN Holdings will give due regard to the interests of GN Shareholders by providing them with an assured entitlement to the Shares by way of distribution in specie of the Shares if the Spin-off proceeds. Details of the Distribution are set out below.

### THE DISTRIBUTION

The GN Shareholders approved the Spin-off in an extraordinary general meeting of GN Holdings held on 10 December 2015. The Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying GN Shareholders of an aggregate of 167,755,348 Shares, representing approximately 8.42% of the then issued share capital of our Company immediately following completion of the Distribution and before completion of the Global Offering, in proportion to their respective shareholdings in GN Holdings on the Record Date.

Pursuant to the Distribution, the Qualifying GN Shareholders will be entitled to one Share for every 40 GN Shares held on the Record Date. The Distribution is conditional on the Global Offering becoming unconditional in all respects. If such condition is not satisfied, the Distribution will not be made and the Spin-off will not take place.

Subject to the Distribution becoming unconditional, we expect to despatch share certificates to Qualifying GN Shareholders who are entitled to receive Shares under the Distribution on or before Thursday, 7 April 2016. Share certificates will only become valid if the Distribution becomes unconditional.

Overseas Excluded GN Shareholders (if any) will be entitled to the Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Distribution will be sold by GN Holdings on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Overseas Excluded GN Shareholders in Hong Kong dollars. Such payment is expected to be made on or before Friday, 15 April 2016.

Our Shares will be traded in board lots of 4,000 Shares each. Get Nice Securities will provide matching services, on a best efforts basis, to the Qualifying GN Shareholders to facilitate the trading of odd lots (if any) of Shares which the Qualifying GN Shareholders may receive under the Distribution. For further details, please refer to the announcement dated 21 March 2016 issued by GN Holdings.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<b>Executive Directors</b>		
Mr. Shum Kin Wai, Frankie (岑建偉)	Flat A, 5/F Block 5 Kent Court 131-139 Boundary Street Kowloon Hong Kong	Chinese
Mr. Hung Sui Kwan (洪瑞坤)	Flat F, 12/F Tower I The Waterfront 1 Austin Road West Tsim Sha Tsui Hong Kong	Chinese
Mr. Kam Leung Ming (甘亮明)	Flat C, 5/F Main Pole House No.7 O'Brien Road Wanchai Hong Kong	Chinese
<b>Non-executive Director</b>		
Mr. Hung Hon Man (洪漢文)	Flat A, 31/F Broadwood Park 38 Broadwood Road Happy Valley Hong Kong	Chinese
<b>Independent non-executive Directors</b>		
Mr. Cheung Chi Kong, Ronald (張志江)	Room K, 17/F Block 3 The Grandiose Tseung Kwan O Hong Kong	Chinese
Mr. Chan Ka Kit (陳家傑)	Flat D, 26/F Tower 6 Bellagio 33 Castle Peak Road Sham Tseng Hong Kong	Chinese
Ms. Ng Yau Kuen, Carmen (吳幼娟)	Flat D, 39/F Tower 11 The Palazzo 28 Lok King Street Shatin Hong Kong	Chinese

For further information regarding our Directors, please refer to the section headed "Directors, Senior Management and Employees" of this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

<b>Sole Sponsor</b>	<b>Southwest Securities (HK) Capital Limited</b> Room 1601, 06-08 16/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
<b>Sole Global Coordinator</b>	<b>Southwest Securities (HK) Brokerage Limited</b> Room 1601, 06-08 16/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
<b>Joint Bookrunners and Joint Lead Managers</b>	<b>Southwest Securities (HK) Brokerage Limited</b> Room 1601, 06-08 16/F, Central Plaza 18 Harbour Road Wanchai Hong Kong  <b>Kingston Securities Limited</b> Suite 2801, 28/F, One IFC, Harbour View Street Central Hong Kong  <b>Emperor Securities Limited</b> 23-24/F, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
<b>Co-Lead Manager</b>	<b>Success Securities Limited</b> Suite 1603-7 16/F, Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Legal advisers to our Company**

*As to Hong Kong laws:*  
**Loong & Yeung Solicitors**  
Suites 2001-2006, 20th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

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

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

*As to Hong Kong laws:*  
**Stephenson Harwood**  
18/F United Centre  
95 Queensway  
Hong Kong

**Auditor and reporting accountants**

**Deloitte Touche Tohmatsu**  
35/F One Pacific Place  
88 Queensway  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office in the Cayman Islands</b>	<b>Appleby Trust (Cayman) Ltd.</b> Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Headquarters and principal place of business in Hong Kong</b>	10th Floor, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
<b>Company website</b>	www.getnicefg.com.hk <i>(Information contained in this website does not form part of this prospectus)</i>
<b>Compliance adviser</b>	<b>Southwest Securities (HK) Capital Limited</b> Room 1601, 06-08 16/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
<b>Company secretary</b>	Mr. Kam Leung Ming (甘亮明) Flat C, 5/F Main Pole House No.7 O'Brien Road Wanchai Hong Kong
<b>Authorised representatives</b>	Mr. Hung Sui Kwan (洪瑞坤) Flat F, 12/F Tower I The Waterfront 1 Austin Road West Tsim Sha Tsui Hong Kong  Mr. Kam Leung Ming (甘亮明) Flat C, 5/F Main Pole House No.7 O'Brien Road Wanchai Hong Kong
<b>Audit committee</b>	Ms. Ng Yau Kuen, Carmen (吳幼娟) ( <i>Chairman</i> ) Mr. Cheung Chi Kong, Ronald (張志江) Mr. Chan Ka Kit (陳家傑)
<b>Remuneration committee</b>	Ms. Ng Yau Kuen, Carmen (吳幼娟) ( <i>Chairman</i> ) Mr. Hung Hon Man (洪漢文) Mr. Cheung Chi Kong, Ronald (張志江) Mr. Chan Ka Kit (陳家傑)

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## CORPORATE INFORMATION

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<b>Nomination committee</b>	Ms. Ng Yau Kuen, Carmen (吳幼娟) ( <i>Chairman</i> ) Mr. Hung Hon Man (洪漢文) Mr. Cheung Chi Kong, Ronald (張志江) Mr. Chan Ka Kit (陳家傑)
<b>Hong Kong Share Registrar</b>	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal share registrar and transfer office in the Cayman Islands</b>	<b>Appleby Trust (Cayman) Ltd.</b> Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Principal bankers</b>	<b>Chong Hing Bank Limited</b> Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong  <b>Bank of Communications Co., Ltd.</b> <b>Hong Kong Branch</b> 20 Pedder Street Central Hong Kong  <b>The Bank of East Asia, Limited</b> 10 Des Voeux Road Central Hong Kong  <b>China Construction Bank (Asia) Corporation Limited</b> 28/F CCB Tower 3 Connaught Road Central Hong Kong
<b>Receiving banks</b>	<b>The Bank of East Asia, Limited</b> 10 Des Voeux Road Central Hong Kong  <b>Bank of Communications Co., Ltd.</b> <b>Hong Kong Branch</b> 20 Pedder Street Central Hong Kong



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## INDUSTRY OVERVIEW

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*This section contains certain information which has been directly or indirectly derived, in part from various governmental, official or publicly available documents, the Internet or other sources, which was not commissioned by our Group nor the Sole Sponsor. Our Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting, compiling and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The relevant information has not been independently verified by our Company, Sole Sponsor, Sole Global Coordinator, Joint Bookrunners, Joint Lead Managers, Underwriters, any other persons involved in the Global Offering or their respective directors, advisers and affiliates. Therefore, our Company, Sole Sponsor, Sole Global Coordinator, Sole Bookrunners, Joint Lead Managers, Underwriters, any other persons involved in the Global Offering or their respective directors, advisers or affiliates make no representation as to the correctness or accuracy in respect 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 HKEx's documents or website, the HKEx and its subsidiaries do not guarantee the accuracy or reliability of the information and do not accept any liability (whether in tort, contractor otherwise) for any loss or damage arising from any inaccuracy or omission of the information; or any decision, action or non-action based on or in reliance upon any information by any person.*

### HISTORY OF THE HONG KONG STOCK MARKET

Hong Kong's first exchange was established in 1891 by The Association of Stockbrokers in Hong Kong and was re-named as "The Hong Kong Stock Exchange" in 1914. In 1921, the Hong Kong Stockbrokers' Association was established as a second stock exchange and the two exchanges merged to form "The Hong Kong Stock Exchange Ltd" in 1947. The rapid economic growth of Hong Kong during the late 1960s and early 1970s led to the establishment of three other exchanges; namely the Far East Exchange Limited, the Kam Ngan Stock Exchange Limited and the Kowloon Stock Exchange Limited in 1969, 1971 and 1972, respectively.

The Stock Exchange was formed from the unification of the four exchanges in 1986. Following the 1987 market crash, in 1989 the SFC was set up to facilitate the regulatory and infrastructural development in the securities and futures markets of Hong Kong. With the introduction of CCASS in 1992 and the AMS in 1993, further improvements to the stock market infrastructure were brought about. GEM was launched in 1999, to provide a platform of fund-raising for growth enterprises.

On 6 March 2000, HKEx was formed from the merger of the Stock Exchange, the Futures Exchange, and the HKSCC under a single holding company. By way of introduction, HKEx listed its shares on the Main Board on 27 June 2000.

## INDUSTRY OVERVIEW

### DEVELOPMENT OF HONG KONG STOCK MARKET

According to the World Federation of Exchanges, Hong Kong ranked the eighth largest market of the world leading stock exchanges in terms of domestic equity market capitalisation as of the end of December 2015.

<u>Rank</u>	<u>Exchange</u>	<u>US\$ billion</u>
1	US (NYSE Euronext) . . . . .	17,787
2	US (NASDAQ OMX) . . . . .	7,281
3	Japan (Japan Exchange Group) . . . . .	4,895
4	China (Shanghai). . . . .	4,549
5	UK (London Stock Exchange Group) . . . . .	3,973
6	China (Shenzhen) . . . . .	3,639
7	Europe (NYSE Euronext). . . . .	3,306
8	Hong Kong Stock Exchange . . . . .	3,185
9	Germany (Deutsche Börse) . . . . .	1,716
10	Canada (Toronto) . . . . .	1,592

Sources: World Federation of Exchanges and Bloomberg

### Growth of Hong Kong stock market

The total market capitalisation of companies listed on the Stock Exchange (including both the Main Board and GEM) was approximately HK\$24,684 billion as at 31 December 2015.



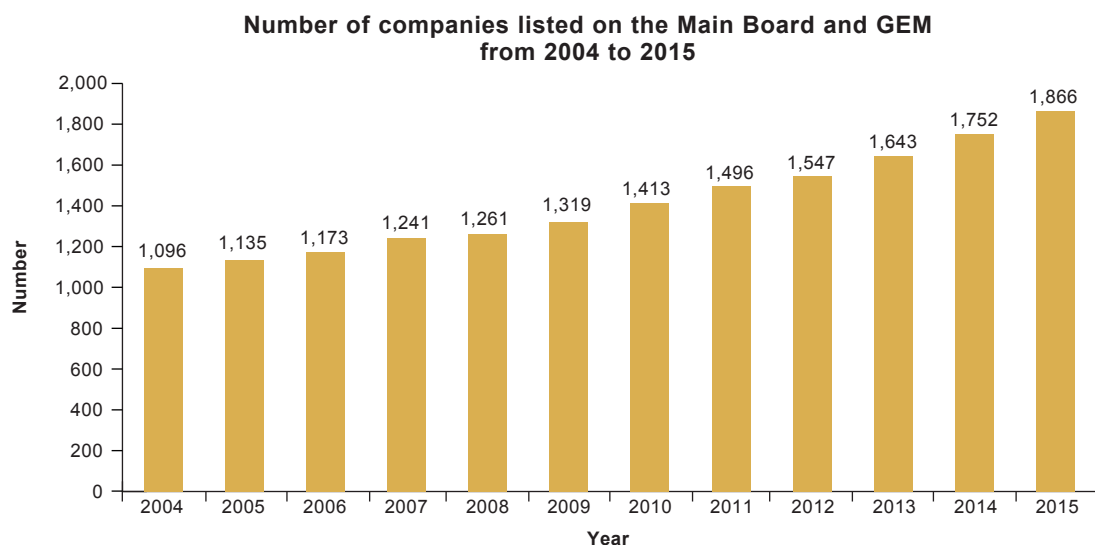
Source: HKEx Website

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## INDUSTRY OVERVIEW

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As at 31 December 2015, there were 1,866 companies listed on the Stock Exchange (including both the Main Board and GEM).



Source: HKEx Website

In July 1993, the first PRC issuer was listed in Hong Kong and since that time, there has been an increasing number of PRC issuers listed on the Main Board and GEM. As at 31 December 2015, the market capitalisation of PRC enterprises (H-Share, non H-Share PRC private enterprises and Red Chip Companies) listed on the Main Board and GEM amounted to approximately 62.1% of the total market capitalisation of companies listed on the Stock Exchange. As at 31 December 2015, there were 951 PRC enterprises (comprising H-Share, non H-Share PRC private enterprises and Red Chip Companies) listed on the Main Board and GEM. In the future, it is expected that this number will increase as more and more PRC enterprises seek to raise foreign funds for their continued growth.

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

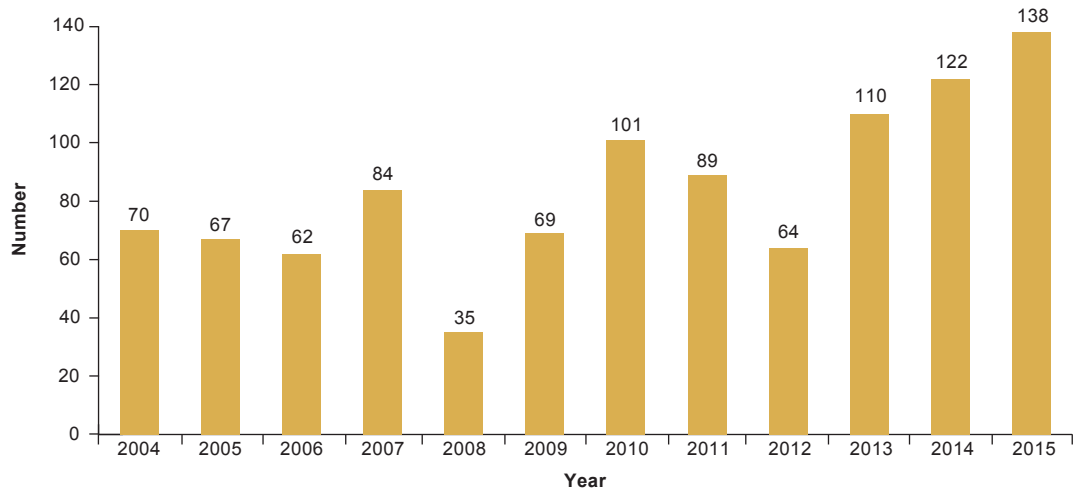
In 2010, raising a total of approximately HK\$449 billion, Hong Kong was the leading IPO centre in the world with a total of 101 IPOs launched. In 2012, Hong Kong's world ranking slipped to fourth place in terms of amount raised with 64 IPOs launched raising a total of approximately HK\$90 billion. Hong Kong ranked second in terms of funds raised through IPOs in 2013 and 2014 with a total of 110 and 122 IPOs launched raising HK\$167 billion and HK\$233 billion, respectively. In 2015, 138 IPOs were launched compared to 122 in 2014. Funds raised by IPOs in 2015 totalled approximately HK\$261 billion, an increase of approximately 12.4% compared with approximately HK\$233 billion in 2014.

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## INDUSTRY OVERVIEW

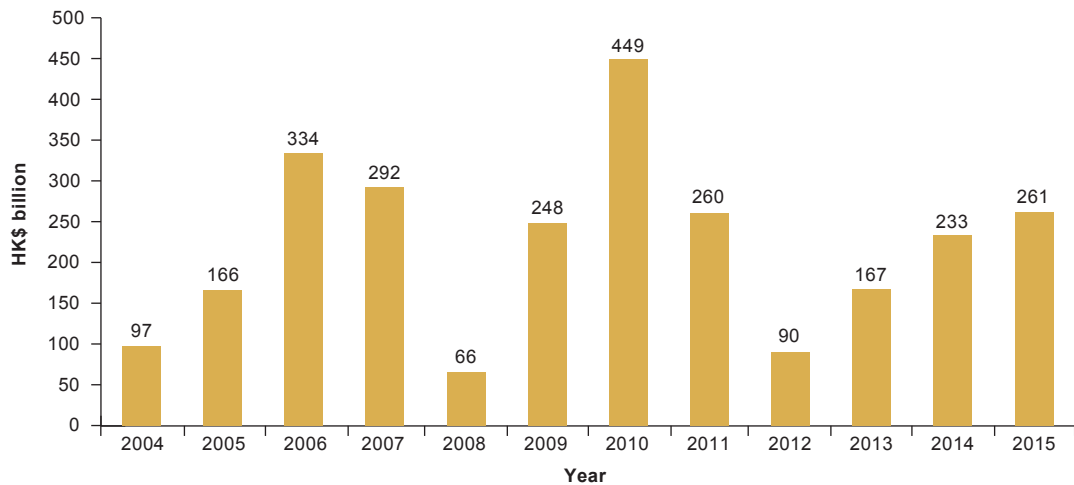
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**Number of new listings on the Main Board and GEM from 2004 to 2015**



Source: HKEx Website

**Funds raised from IPO from 2004 to 2015**



Source: HKEx Website

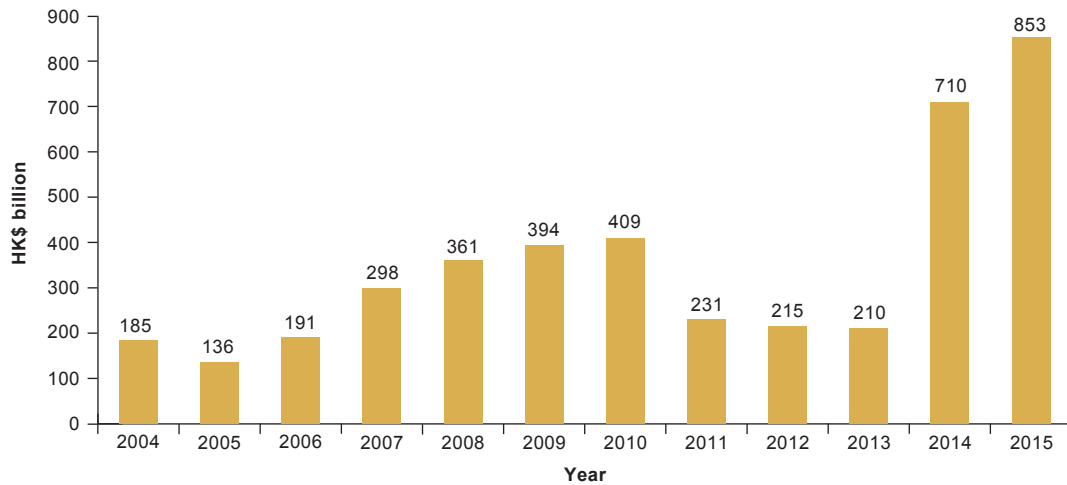
Equity fundraising in the secondary market in Hong Kong was active with year-on-year growth between 2008 and 2010. By 2011, however, the amount fell significantly to approximately HK\$231 billion, and continued to decrease to approximately HK\$215 billion and HK\$210 billion in 2012 and 2013, respectively. In 2015, the amount reached the record high to approximately HK\$853 billion, compared with 2014, there was an increase of approximately 20.1%.

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## INDUSTRY OVERVIEW

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Equity funds raised in the secondary market from 2004 to 2015



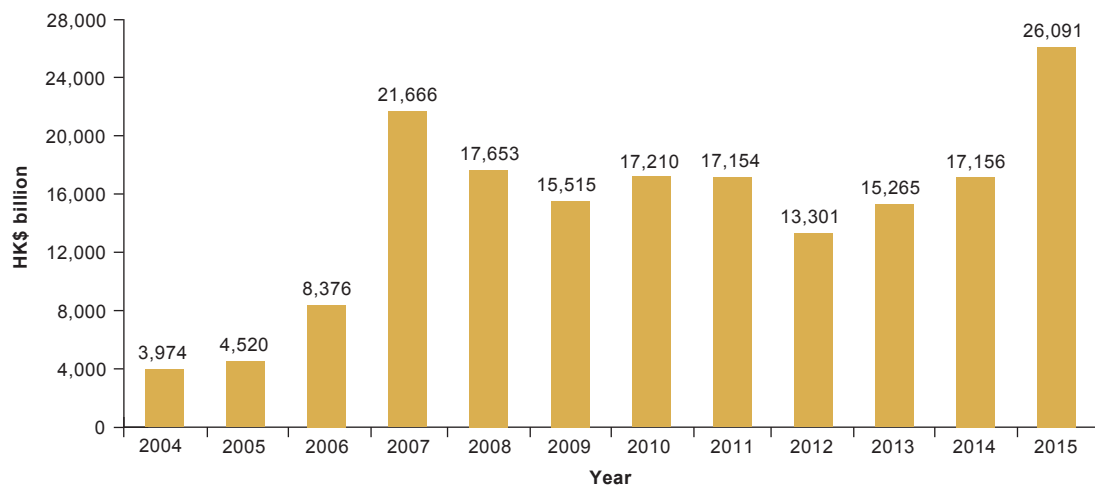
Source: HKEx Fact Book 2015

## SECURITIES TRADING IN HONG KONG

### Securities trading

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

Total annual trading turnover from 2004 to 2015



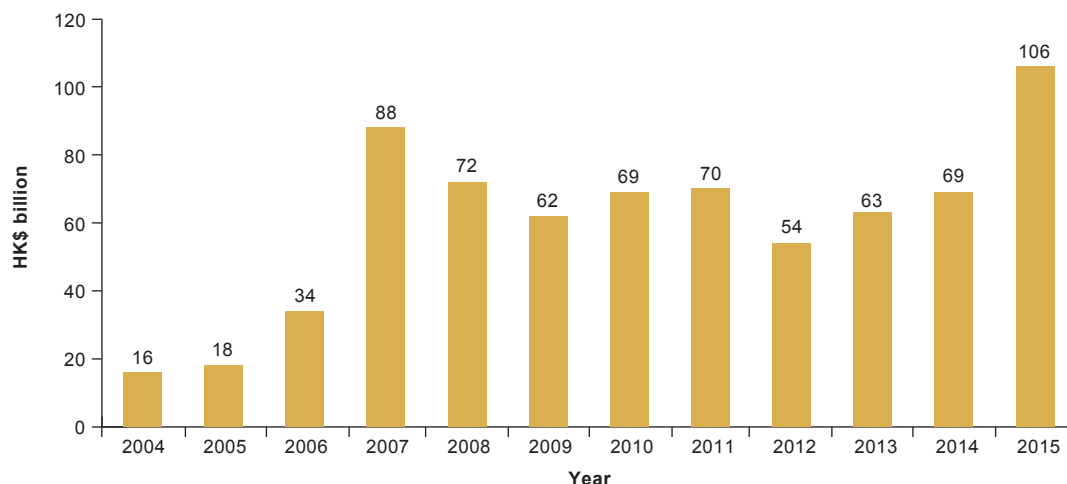
Source: HKEx Fact Book 2015

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## INDUSTRY OVERVIEW

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Average daily trading turnover from 2004 to 2015



Source: HKEx Fact Book 2015

From 2004, trading turnover showed a general upward trend up until 2007, the global financial crisis in the second half of 2008 impacted trading which showed in the trading turnover in 2008 and 2009. Trading turnover in 2009 was approximately HK\$15,515 billion, representing a decrease of approximately 12.1% compared to 2008. Trading turnover improved in 2010 to approximately HK\$17,210 billion, which represented an increase of approximately 10.9% compared to 2009. The average daily turnover was about HK\$69.7 billion in 2011, approximately 1.4% higher than that in 2010.

In 2012, trading activity further reduced and the average daily trading turnover decreased by approximately 22.5% from 2011 levels to approximately HK\$53.7 billion. Trading turnover was approximately HK\$13,301 billion in 2012. There were signs of market recovery and trading became more active in 2013 where turnover was approximately at HK\$15,265 billion. By 2014, trading activity showed an improvement by approximately 12.4% from 2013 levels to approximately HK\$17,156 billion. The average daily trading turnover was approximately HK\$68.8 billion in 2014, an increase of approximately 11% compared to the 2013 levels of approximately HK\$62.2 billion.

The average daily trading turnover was approximately HK\$105.6 billion in 2015, a significant increase of approximately 51.9% compared with approximately HK\$69.5 billion in 2014. The total trading turnover in 2015 was HK\$26,091 billion.

### Exchange participants

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



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## INDUSTRY OVERVIEW

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As at 31 December 2015, there were 550 Stock Exchange Participants including 515 trading participants and 35 non-trading participants in Hong Kong. Stock Exchange Participants are divided into three categories by the Stock Exchange based on their market share:

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

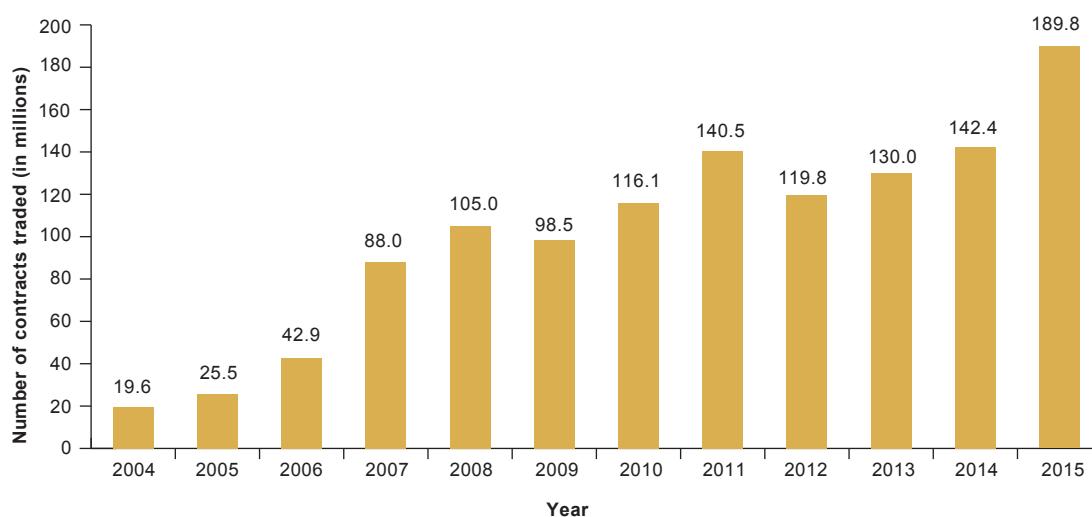
Get Nice Securities is a Category C Exchange Participant.

### THE FUTURES MARKET IN HONG KONG

Established in 1976, the Futures Exchange was licensed by the Hong Kong government as the exchange company to establish and operate the commodity exchange in Hong Kong under the Commodities Trading Ordinance (Chapter 250 of the Laws of Hong Kong). On 6 March 2000, the Stock Exchange and the Futures Exchange demutualised and together with the HKSCC, merged under a single holding company, namely HKEx.

The Futures Exchange provides efficient and diversified markets for the trading of futures and option contracts by its more than 177 exchange participant organisations as at 31 August 2015, including many that are affiliated with international financial institutions. The Futures Exchange provides a spectrum of financial products including stock futures, index futures and options, and interest rate futures. The total annual futures contracts and option contracts traded in Hong Kong have grown from approximately 19.6 million contracts in 2004 to approximately 142.4 million contracts in 2014. In 2015, total turnover of futures contracts and option contracts traded in Hong Kong was approximately 189.8 million, representing an increase of approximately 33.3% when compared with 2014.

**Total futures and option contracts traded on the Futures Exchange from 2004 to 2015**



Source: HKEx Website

## INDUSTRY OVERVIEW

Derivatives products offered by the Futures Exchange include four main types, namely (a) equity index products such as HSI futures and options, H-shares index futures and options, mini-HSI index futures and options and mini H-shares index futures; (b) equity products such as stock futures and stock options; (c) currency products; (d) interest rate and fixed income products such as HIBOR futures and three-year exchange fund note futures; and (e) commodities products. According to the website of the SFC, approximately 28.9% of the futures contracts traded in 2015 on the Futures Exchange were HSI futures (not including mini-HSI futures).

### Futures Exchange participants

A person who wishes to trade on or through the facilities of the Futures Exchange must be a Futures Exchange Participant holding a Futures Exchange Trading Right.

To become a Futures Exchange Participant, the person must be a company registered with the SFC as a licensed corporation to carry out Type 2 (Dealing in futures contracts) regulated activity under the SFO. A Futures Exchange Participant is also required to meet the FRR and the rules of the Futures Exchange and such other financial resources requirements as may be prescribed by the Futures Exchange.

### SHANGHAI-HONG KONG STOCK CONNECT

On 17 November 2014, the launch of the Shanghai-Hong Kong Stock Connect linked the Stock Exchange and the Shanghai Stock Exchange. Since then, the new cross-boundary investment channel brought by the Shanghai-Hong Kong Stock Connect enables the investors in Hong Kong and the PRC to purchase a specified range of selected listed shares in each other's market through their respective local securities companies.

The Shanghai-Hong Kong Stock Connect unleashes significant fund flows in both directions, since foreign investors can gain access to the A-share market and China investors can get the chance to invest in some Chinese and international companies whose shares are listed only in Hong Kong. Trading quotas are set to limit the size of the fund flows in either direction. As at Latest Practicable Date, the northbound aggregate trading quota is set at RMB300 billion, while the southbound aggregate trading quota is set at RMB250 billion. The quotas are calculated on a netting basis at the end of each trading day. The daily quota limits the maximum net buy value of cross-boundary trades under the scheme. The northbound daily quota is set at RMB13 billion while the southbound daily quota is set at RMB10.5 billion. Set out below is the turnover of northbound trading and southbound trading since the launch of the Shanghai-Hong Kong Stock Connect up to 31 December 2015:

	2014		2015											
	November	December	January	February	March	April	May	June	July	August	September	October	November	December
<i>(in RMB million)</i>														
Northbound														
Trading .....	43,571.71	120,922.63	99,886.81	67,492.64	137,529.81	155,112.08	150,551.61	227,214.40	196,283.97	120,710.67	81,876.91	70,908.14	100,969.64	62,527.32

	2014		2015											
	November	December	January	February	March	April	May	June	July	August	September	October	November	December
<i>(in HK\$ million)</i>														
Southbound														
Trading .....	6,114.48	18,410.75	30,719.76	10,217.84	35,632.91	235,067.49	103,411.00	82,786.80	92,997.00	50,972.8	25,291.89	27,625.85	37,742.29	45,235.14

Source: HKEx Website

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## INDUSTRY OVERVIEW

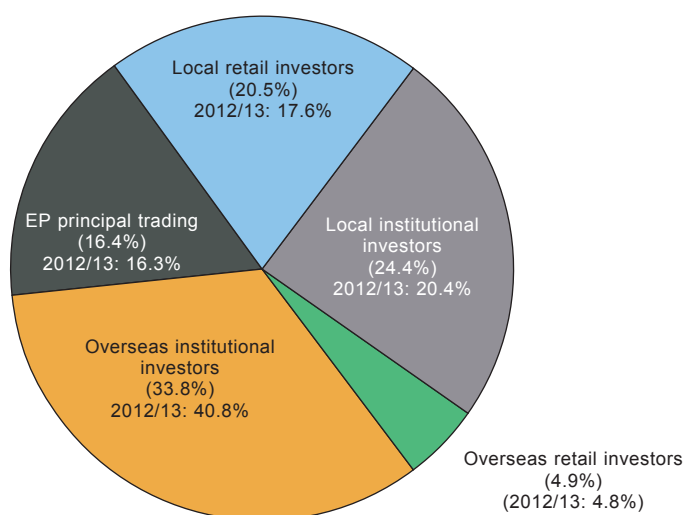
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### COMPOSITION OF INVESTORS IN HONG KONG MARKETS

According to the “Cash Market Transaction Survey 2013/2014” published by the Stock Exchange that covers trading in the Stock Exchange securities market during the 12-month period from October 2013 to September 2014 (“**2013/2014**”), local investor trading accounted for 45% of the total market turnover in 2013/2014, up from 38% from October 2012 to September 2013 (“**2012/2013**”). Contribution of local retail investors increased from 18% in 2012/2013 to 20% in 2013/14. Contribution of local institution investors increased from 20% in 2012/2013 to 24% in 2013/14.

The following table sets out the distribution of cash market trading value by investor type in 2013/2014 with 2012/2013 figures shown in square bracket

**Distribution of cash market trading value by investor type  
(Oct 2013 to Sep 2014)**



Source: Cash Market Transaction Survey 2013/2014, HKEx

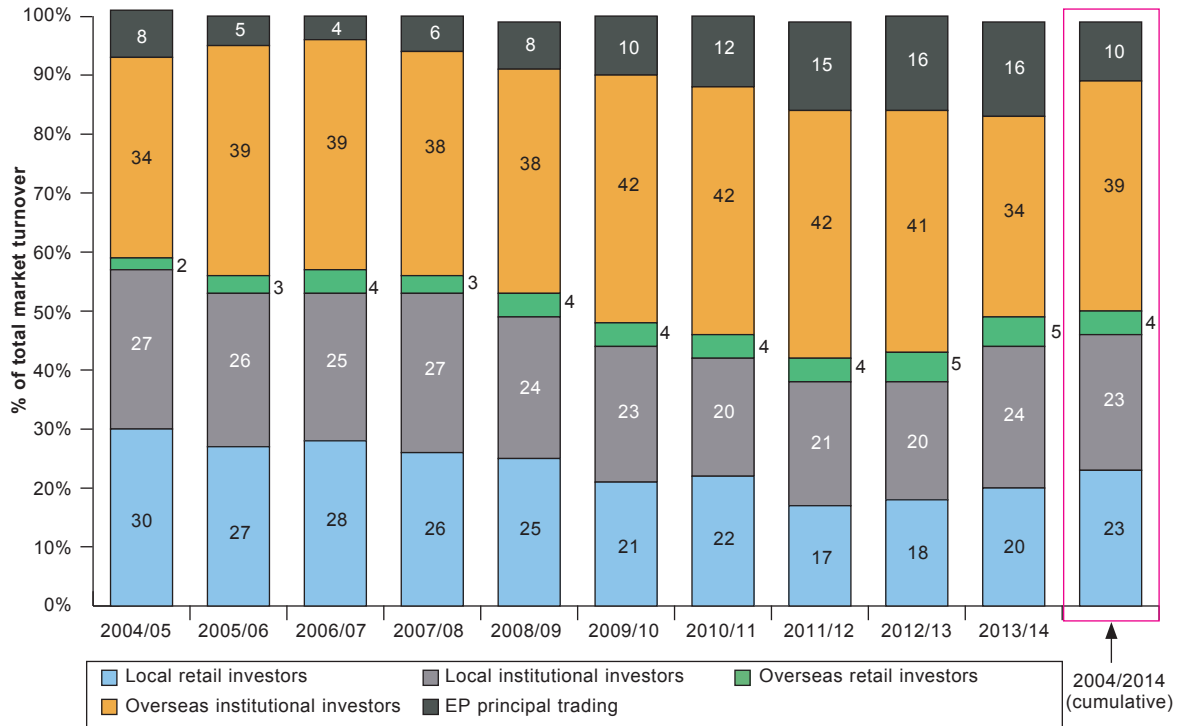
Note: Numbers may not add up to 100% due to rounding.

In 2013/2014, 70% of investor trading came from institutional investors rather than retail investors. Local investor trading had a larger share (54%) than overseas investor trading. Retail investor trading came predominantly from local sources (81% in 2013/2014, up from 78% in 2012/2013). More than half of institutional investor trading came from overseas (58% in 2013/2014, down from 67% in 2012/2013).

## INDUSTRY OVERVIEW

The following table sets out the distribution of cash market trading value by investor type over the from October 2004 to September 2005 (“2004/2005”) to 2013/2014:

**Distribution of cash marketing trading value by investor type (2004/05 – 2013/14)**



Source: Cash Market Transaction Survey 2013/2014, HKEx

## TRADING INFRASTRUCTURE AND SETTLEMENT IN HONG KONG

### Securities Trading system

In October 2012, the Stock Exchange announced that a new market access platform for the securities market, namely HKEx Orion Central Gateway, will be another building block of HKEx’s next generation core platforms, following the introduction of HKEx Orion Market Data Platform. OCG is a new market access platform to support secured connections between the BSS of Stock Exchange Participants and the HKEx securities market. Through a phased migration, OCG will replace the existing Open Gateway.

In November 2013, HKEx announced that they will appoint an Independent Software Vendor to provide a New Securities Trading Device and support service to Exchange Participants. The MWS and AMS Terminals will be replaced by the new securities trading device starting from 3rd quarter of 2014.

In April 2015, the migration of MWS and AMS Terminals to NSTD (also known as ET Trade Speed Station) was completed successfully. As a result, the AMS terminal/MWS transitional period, as referred in the Stock Exchange Trading Rules, ended in September 2015. Since then, the MWS and Terminal including Emergency Backup Terminal in the Exchange’s Trading Hall and Backup Centre are no longer available for trading purposes.

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## INDUSTRY OVERVIEW

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### SECURITIES AND IPO MARGIN FINANCING MARKET IN HONG KONG

In recent years Hong Kong has seen a significant growth in its stock market activities. This provided the authorised institutions (“AI” as defined under Banking Ordinance (Chapter 155 of the Laws of Hong Kong) opportunities to participate in IPOs, whether as a lending AI to finance the subscription for new shares or as a receiving bank. A Lending AI is one which extends credit facilities to its clients for the purpose of: (i) facilitating their subscription for new shares in an IPO; (ii) financing their acquisition or holding of shares in listed stocks (in the case of lending to investors); or (iii) financing their business operations (in the case of lending to stockbrokers).

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

## INDUSTRY OVERVIEW

According to annual reports of 2010, 2011, 2012, 2013 and 2014 published by the SFC, the following data was extracted from the monthly financial returns submitted to the SFC in accordance with the FRR by licensed corporations licensed for dealing in securities or securities margin financing:

<u>As at 31 December</u>	<u>Number of active margin clients</u> <sup>(Note 1)</sup>	<u>Amounts receivable from margin clients</u> HK\$ million	<u>Average collateral coverage</u> <sup>(Note 2)</sup>
2004	76,546	15,065	4.9 times
2005	72,290	14,639	4.8 times
2006	80,348	20,591	5.2 times
2007	110,043	41,765	5.3 times
2008	113,832	17,217	4.4 times
2009	138,772	40,160	5.5 times
2010	132,101	58,468	4.7 times
2011	135,201	50,171	3.9 times
2012	139,375	58,812	4.2 times
2013	150,545	85,794	3.9 times
2014	181,593	111,549	4.2 times

Source: SFC Annual Reports 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15

Notes:

1. Active margin clients refers to margin clients for whom the licensed corporation is required to prepare and deliver monthly statements of accounts in respect of the relevant reporting month under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571Q).
2. The number of times the aggregate market value of securities collateral deposited by clients over the total amount of margin loan due from these margin clients on a given date on an industry-wide basis.

As at 31 March 2015, the average collateral coverage, as determined by the number of times the aggregate market value of securities collateral deposited by clients of our Group over the total amount of margin loan due from these margin clients, was approximately 5.3 times.

According to the Financial Review of the Securities Industry for the half year ended 30 June 2015 and the Financial Review of the Securities Industry for the year ended 31 December 2014 published by the SFC, in the first half of 2015, the net profit of all securities dealers and securities margin financiers (corporations licensed for dealing in securities or securities margin financing, both Stock Exchange Participants and non-Stock Exchange participants are included unless otherwise specified) totalled HK\$26.8 billion, whereas for 2014 it was HK\$26.6 billion, up 59% from 2013. The growth was attributed to an overall increase in number of active margin clients and the booming of the Hong Kong stock market in the first half of 2015 resulting in higher interest income which was led by growth in total outstanding margin loans, as well as net profits on proprietary trading and other income.

In 2014, the total value of transactions of all securities dealers and securities margin financiers increased by 8% compared to 2013, but for the first half of 2015, the number has already surpassed 2014 annual figure, the increase was mainly due to the booming of the Hong Kong stock market in the first half of 2015.



## INDUSTRY OVERVIEW

At the end of June 2015, outstanding margin loans totalled HK\$168.9 billion, up 51.4% from the end of 2014, whilst comparing 2014 to 2013 which was only 30% higher.

The table below summarises statistical information and financial highlights relating to securities dealers and securities margin financiers.

### Statistical information and financial position of securities dealers and securities margin financiers <sup>(Note 1a)</sup>

	As at 31 December		As at
	2013	2014	30 June 2015
Total number of securities dealers and securities margin financiers . . . . .	927	951	960
Total number of active cash clients <sup>(Note 1b)</sup> . . . . .	1,079,550	1,157,599	1,244,240
Total number of active margin clients <sup>(Note 1b)</sup> . . . . .	150,545	181,593	220,421
<b>Balance sheet (HK\$ million)</b>			
Cash in hand and at bank <sup>1c</sup> . . . . .	286,388	341,124	435,672
Amounts receivable from margin clients . . . . .	85,794	111,549	168,857
Amounts receivable from clients and other dealers arising from dealing in securities . . . . .	146,898	197,043	348,384
Proprietary positions . . . . .	189,300	219,491	241,270
Other assets . . . . .	176,858	211,338	251,683
<b>Total assets . . . . .</b>	<b>885,238</b>	<b>1,080,545</b>	<b>1,445,866</b>
Amounts payable to clients and other dealers arising from dealing in securities . . . . .	366,299	470,507	692,968
Total borrowings from financial institutions . . . . .	67,358	119,060	188,365
Short positions held for own account . . . . .	101,044	94,473	83,302
Other liabilities . . . . .	109,737	144,626	190,517
Total shareholders' funds . . . . .	240,800	251,879	290,714
<b>Total liabilities and shareholders' funds . . . . .</b>	<b>885,238</b>	<b>1,080,545</b>	<b>1,445,866</b>

## INDUSTRY OVERVIEW

	2013	2014	Six months to 30 June 2014	Six months to 30 June 2015
<b>Profit and loss (HK\$ million)</b>				
Total value of transactions <sup>(Note 1d)</sup> . . . . .	53,538,483	57,970,022	31,645,924	47,762,028
Net securities commission income . . . . .	20,096	21,179	11,806	16,548
Gross interest income . . . . .	7,666	9,421	4,947	5,879
Other income <sup>(Note 1e)</sup> . . . . .	86,107	94,071	51,941	55,308
Net profit on proprietary trading . . . . .	8,579	11,223	6,580	9,258
Total income . . . . .	122,448	135,894	75,274	86,993
Total overheads and interest expense . . .	(105,746)	(109,281)	(58,930)	(60,199)
<b>Net profit . . . . .</b>	<b><u>16,072</u></b>	<b><u>26,613</u></b>	<b><u>16,344</u></b>	<b><u>26,794</u></b>

*Remarks:*

- 1a. *Excludes figures reported by an overseas incorporated licensed corporation which carries out its principal business activities outside Hong Kong and operates in Hong Kong as a branch office.*
- 1b. *Active clients refer to clients for whom a licensed corporation is required to prepare and deliver monthly statements of account in respect of the relevant reporting month in accordance with the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules.*
- 1c. *Cash in hand and at bank includes HK\$233 billion in trust monies held on behalf of clients (As at 31 December 2014: HK\$165 billion) (As at 31 December 2013: HK\$144,068 million)*
- 1d. *Total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.*
- 1e. *Other income includes inter-company management fee income, asset management fees, advisory fees, underwriting fees and corporate finance income.*

*Average collateral coverage represents the number of times the aggregate market value of securities collateral deposited by margin clients over the total amount of margin loan due from these clients on a given date on an industry-wide basis:*

<u>As at 30 June 2015</u>	<u>As at 31 December 2014</u>	<u>As at 31 December 2013</u>
4.7 times	4.2 times	3.9 times

*Source: Monthly financial returns submitted to the SFC by corporations licensed for dealing in securities or securities margin financing in accordance with the Securities and Futures (Financial Resources) Rules, the Financial Review of the Securities Industry for the half year ended 30 June 2015 and the Financial Review of the Securities Industry for the year ended 31 December 2014 published by the SFC.*

## INDUSTRY OVERVIEW

The tables below summarise the financial performance of each of the three categories of Stock Exchange Participants for the half year ended 30 June 2015 and for the year ended 31 December 2014, respectively.

### Financial performance of Stock Exchange Participants<sup>(Note 1a)</sup> by category for the half year ended 30 June 2015

	Category A		Category B		Category C		All Stock Exchange Participants	
	2H 2014	1H 2015	2H 2014	1H 2015	2H 2014	1H 2015	2H 2014	1H 2015
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Total value of transactions <sup>(Note 1b)</sup> .....	11,253,157	16,688,094	8,839,971	13,724,741	4,104,507	7,051,990	24,197,635	37,464,825
Net securities commission income .....	2,009	2,637	4,135	6,383	2,787	4,177	8,931	13,197
Gross interest income .....	424	510	2,305	2,819	1,560	1,889	4,289	5,218
Other income .....	5,236	5,583	4,774	3,931	3,600	5,069	13,610	14,583
Net profit on proprietary trading .....	207	200	312	347	1,603	2,173	2,122	2,720
<b>Total income .....</b>	<b>7,876</b>	<b>8,930</b>	<b>11,526</b>	<b>13,480</b>	<b>9,550</b>	<b>13,308</b>	<b>28,952</b>	<b>35,718</b>
Total overheads and interest expense .....	(5,742)	(5,652)	(7,893)	(7,758)	(7,683)	(7,614)	(21,318)	(21,024)
<b>Net profit .....</b>	<b>2,134</b>	<b>3,278</b>	<b>3,633</b>	<b>5,722</b>	<b>1,867</b>	<b>5,694</b>	<b>7,634</b>	<b>14,694</b>

*Notes:*

1a. Stock Exchange Participants are classified into Categories A, B and C on the basis of their monthly turnover on the Stock Exchange. Category A Stock Exchange Participants refer to the top 14 brokers by market turnover, Category B participants refer to those ranked 15th to 65th, and the remainder is grouped under Category C.

1b. The total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

Source: Monthly financial returns submitted to the SFC by Stock Exchange Participants in accordance with the Securities and Futures (Financial Resources) Rules.

*The Financial Review of the Securities Industry for the half year ended 30 June 2015.*

## INDUSTRY OVERVIEW

### Financial performance of Stock Exchange Participants<sup>(Note 1a)</sup> by category for the year ended 31 December 2014

	Category A		Category B		Category C		All Stock Exchange Participants	
	2013	2014	2013	2014	2013	2014	2013	2014
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Total value of transactions <sup>(Note 1b)</sup> . . . . .	19,649,116	20,970,014	13,176,278	15,517,944	6,315,052	7,549,944	39,140,446	44,037,902
Net securities commission income . . . . .	4,281	3,830	6,623	7,367	4,251	5,067	15,155	16,264
Gross interest income . . . . .	746	824	2,928	4,069	2,531	3,161	6,205	8,054
Other income . . . . .	11,249	9,175	6,591	8,856	6,307	7,255	24,147	25,286
Net profit on proprietary trading . . . . .	167	357	173	439	914	1,842	1,254	2,638
<b>Total income . . . . .</b>	<b>16,443</b>	<b>14,186</b>	<b>16,315</b>	<b>20,731</b>	<b>14,003</b>	<b>17,325</b>	<b>46,761</b>	<b>52,242</b>
Salary and staff benefits . . . . .	(6,061)	(5,154)	(4,683)	(5,774)	(5,887)	(6,525)	(16,631)	(17,453)
Other overheads and interest expense . . . . .	(7,150)	(6,167)	(7,601)	(8,616)	(6,358)	(7,487)	(21,109)	(22,270)
<b>Net profit . . . . .</b>	<b>3,232</b>	<b>2,865</b>	<b>4,031</b>	<b>6,341</b>	<b>1,758</b>	<b>3,313</b>	<b>9,021</b>	<b>12,519</b>

**Notes:**

1a. Stock Exchange Participants are classified into Categories A, B and C on the basis of their monthly turnover on the Stock Exchange. Category A Stock Exchange Participants refer to the top 14 brokers by market turnover, Category B participants refer to those ranked 15th to 65th and the remainder is grouped under Category C.

1b. The total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

Source: Monthly Financial Returns submitted to the SFC by Stock Exchange Participants in accordance with the Securities and Futures (Financial Resources) Rules.

*The Financial Review of the Securities Industry for the year ended 31 December 2014.*

### CORPORATE FINANCE ADVISORY SERVICES IN HONG KONG

With the increase in the number of listed companies and new listings in Hong Kong, the equity funds raised directly and indirectly through Hong Kong have become more active. According to the market and industry statistics of the SFC, the total equity funds raised on the Main Board in 2014 were approximately HK\$929.4 billion, nearly 2.5 times of the amount in 2013. On GEM, the total equity funds raised directly and indirectly also showed a rapid increase of approximately 47.3% when comparing to 2013, reaching up to approximately HK\$13.3 billion in 2014. In 2015, the total equity funds raised on the Main Board and GEM further increased, reaching approximately HK\$1,087.0 billion and HK\$22.0 billion, respectively. These include funds raised through IPOs, rights issues, placings and other fundraising transactions.

## INDUSTRY OVERVIEW

Rights issue is an offer of new shares by a company to its shareholders in proportion to their existing shareholdings. According to the market and industry statistics of the SFC, the total equity funds raised by rights issue jumped significantly in 2014 on the Main Board with approximately 155% increase when comparing to 2013, reaching approximately HK\$78.6 billion. Similarly, the equity funds raised via rights issue on GEM in 2014 also jumped tremendously by 455.4% when comparing to 2013, reaching approximately HK\$3.5 billion in 2014. In 2015, the equity funds raised by rights issue on the Main Board and GEM further increased, reaching approximately HK\$116.5 billion and HK\$5.1 billion, respectively.

Companies listed on the Stock Exchange can also raise equity capital by way of placing, which is the obtaining of subscription for or the sale of securities by the listed companies or intermediaries. According to the market and industry statistics of the SFC, the total equity funds raised by placing jumped significantly in 2014 on the Main Board with an increase of approximately 201.5% when comparing to 2013, reaching approximately HK\$295.5 billion. Similarly, the equity funds raised by placing on GEM also showed a tremendous increase of approximately 41.3% in 2014, when comparing to the year of 2013, and reaching approximately HK\$4.9 billion in 2014. In 2015, the equity funds raised by placing on the Main Board and GEM further increased, reaching approximately HK\$424.1 billion and HK\$12.2 billion, respectively.

The table below sets out the equity funds raised directly and indirectly on both the Main Board and GEM from 2005 to 2015:

**Equity Funds Raised Directly and Indirectly through on both the Main Board and GEM of the Stock Exchange**

Year	Total <sup>^</sup>		IPO		Rights Issue		Placing		Others <sup>**</sup>	
	HK\$ million	%	HK\$ million	%	HK\$ million	%	HK\$ million	%	HK\$ million	%
2005	301,705	100%	165,650	54.9%	10,507	3.5%	63,904	21.2%	61,644	20.4%
2006	524,538	100%	333,852	63.6%	12,702	2.4%	113,846	21.7%	64,138	12.2%
2007	590,845	100%	292,437	49.5%	31,854	5.4%	163,832	27.7%	102,722	17.4%
2008	427,248	100%	65,977	15.4%	47,920	11.2%	57,963	13.6%	255,388	59.8%
2009	642,118	100%	248,227	38.7%	177,991	27.7%	143,125	22.3%	72,775	11.3%
2010	858,721	100%	449,477	52.3%	183,301	21.3%	140,610	16.4%	85,333	9.9%
2011	490,390	100%	259,790	53.0%	65,194	13.3%	65,932	13.4%	99,474	20.3%
2012	305,359	100%	90,042	29.5%	30,631	10.0%	136,467	44.7%	48,219	15.8%
2013	378,862	100%	168,959	44.6%	31,455	8.3%	101,488	26.8%	76,960	20.3%
2014	942,717	100%	232,517	24.7%	82,089	8.7%	300,387	31.9%	327,724	34.8%
2015	1,108,990	100%	261,328	23.6%	121,621	11.0%	436,365	39.3%	289,677	26.1%

Source: SFC Website

<sup>^</sup> Figures exclude funds raised by REITs, which are classified as Unit Trusts

<sup>\*\*</sup> Including warrants exercised, consideration issue and share option scheme

Note:

The percentages may not add up to 100% due to rounding.

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## INDUSTRY OVERVIEW

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### ENTRY BARRIERS AND COMPETITIVE LANDSCAPE

#### Entry barriers

The main entry barriers in Hong Kong's securities brokerage business are the paid-up share capital, liquid capital and licensing requirements of the SFC. Securities dealing is a regulated activity under the SFO and is governed by the relevant rules and regulations. New entrants who wish to carry on such regulated activity must be licensed with the SFC to become a licensed corporation. Each licensed corporation must have not less than two Responsible Officers to directly supervise the conduct of each regulated activity. Depending on the type of regulated activity, licensed corporations have to at all times maintain paid-up share capital and liquid capital of not less than the specified amounts according to the FRR. Please also refer to the section headed "Regulatory Overview" in this prospectus for details.

#### Competition

The rapid increase in the trading turnover of the stock market in Hong Kong has created a strong demand to the local brokerage industry but at the same time competition had also been increasing in recent years. As at 31 December 2015, there were 515 Stock Exchange trading participants and 35 Stock Exchange non-trading participants. Below is the distribution of their market share from 2005 to 2015:

<u>Year</u>	<u>Category A (Position 1 to 14)</u>	<u>Category B (Position 15 to 65)</u>	<u>Category C (Position 66 and above)</u>
2005	53.1%	33.2%	13.8%
2006	52.0%	35.6%	12.4%
2007	50.4%	37.8%	11.9%
2008	53.0%	36.3%	10.7%
2009	52.0%	35.3%	12.6%
2010	51.1%	36.2%	12.8%
2011	53.6%	35.0%	11.4%
2012	57.8%	31.8%	10.5%
2013	56.0%	32.5%	11.5%
2014	54.2%	34.2%	11.6%
2015	56.3%	33.6%	10.0%

Source: HKEx Website

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

Based on the information set out in the table above, the brokerage business in Hong Kong is dominated by certain large firms, in particular those in Category A. The top 14 firms accounted for more than 50% of the market turnover in the past few years, resulting in intense competition among firms in Category B and Category C. Get Nice Securities is a Category C Exchange Participant.

On 1 April 2003, minimum brokerage commission rates in respect of securities and commodities trading were deregulated. Since the deregulation, brokerage commissions have generally been subject to market forces and negotiations which had further intensified competition within the securities brokerage industry.



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## REGULATORY OVERVIEW

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

### **Introduction**

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

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

### **Overview of Licensing Requirements under the SFO**

Under the SFO, any person who:

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

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

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

In addition to the licensing requirements on corporations that carry on regulated activities, any individual who:

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

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

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## REGULATORY OVERVIEW

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### Types of Regulated Activities

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

Type 1 regulated activity . . . . .	Dealing in securities
Type 2 regulated activity . . . . .	Dealing in futures contracts
Type 3 regulated activity . . . . .	Leveraged foreign exchange trading
Type 4 regulated activity . . . . .	Advising on securities
Type 5 regulated activity . . . . .	Advising on futures contracts
Type 6 regulated activity . . . . .	Advising on corporate finance
Type 7 regulated activity . . . . .	Providing automated trading services
Type 8 regulated activity . . . . .	Securities margin financing
Type 9 regulated activity . . . . .	Asset management
Type 10 regulated activity . . . . .	Providing credit rating services

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

<u>Company</u>	<u>Types of Regulated Activities</u>
Get Nice Securities . . . . .	Type 1, Type 4, Type 6 and Type 9
Get Nice Futures . . . . .	Type 2 and Type 5
Get Nice Capital . . . . .	Type 6
Get Nice Asset Management . . . . .	Type 4 and Type 9
Pacific Challenge Securities . . . . .	Type 1, Type 4 and Type 9
eCapitalist.com . . . . .	Type 1, Type 4 and Type 9

### Responsible Officer

For each regulated activity conducted by a licensed corporation, it must appoint no less than two Responsible Officers, at least one of whom must be an executive director, to supervise the business of such regulated activities. 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. An “executive director” of a licensed corporation is defined as a director of the corporation who (a) actively participates in; or (b) is responsible for directly supervising, any business of the regulated activities for which the corporation is licensed. Every executive director of the licensed corporation must apply to the SFC to become a Responsible Officer.

### Licensed Representative

An individual is required to be a Licensed Representative if he is performing a regulated function for his principal which is a licensed corporation in relation to a regulated activity carried on as a business or he holds out as performing such function.

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## REGULATORY OVERVIEW

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### Fit and Proper Requirement

Persons applying for licenses under the SFO must satisfy and continue to satisfy after the grant of such licenses by the SFC that they are fit and proper persons to be so licensed. The Fit and Proper Guidelines together with its Appendix I, which sets out the Additional Fit and Proper Guidelines for Corporations applying or continuing to act as Sponsors and Compliance Advisers, issued by the SFC, summarise certain issues generally to be considered by the SFC in determining the fitness and properness of an applicant to grant relevant licenses to such applicant in accordance with the SFO. In general, a fit and proper person means one who is financially sound, competent, honest, reputable and reliable.

### Ongoing Obligations of Licensed Corporations

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

Outlined below are some of the key ongoing obligations of a licensed corporation:

- (a) maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the SFC, in accordance with the requirements under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) (as discussed in more detail below);
- (b) maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong);
- (c) maintenance of segregate account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong);
- (d) issuance of contract notes, statements of account and receipts, in accordance with the requirements under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Chapter 571Q of the Laws of Hong Kong);
- (e) maintenance of proper records in accordance with the requirements prescribed under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong);
- (f) submission of audited accounts and other required documents in accordance with the requirements under the Securities and Futures (Accounts and Audit) Rules (Chapter 571P of the Laws of Hong Kong);
- (g) maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong);
- (h) notification to the SFC of certain changes and events, in accordance with the requirements under Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong);

## REGULATORY OVERVIEW

- (i) implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification and reporting of suspicious transactions and staff screening, education and training, in accordance with the requirements under the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the SFC, which took effect in April 2015 (as discussed in more detail below); and
- (j) complying with the business conduct requirements under the Code of Conduct, the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC, and other applicable codes and guidelines issued by the SFC.

### **Securities and Futures (Financial Resources) Rules (Chapter 571N) of the Laws of Hong Kong (the “Financial Resources Rules”)**

Subject to certain exemptions described below, a licensed corporation is required to maintain minimum paid-up share capital. The following table sets out a summary of those rules which regulate the minimum paid-up share capital and are applicable to our Group’s licensed corporations:

<b>Minimum amount of paid-up capital</b>	<b>Regulated activity</b>	<b>Applicable to our Group’s licensed corporations</b>
HK\$5,000,000	<ul style="list-style-type: none"> <li>(i) A corporation licensed for Type 2 regulated activity;</li> <li>(ii) A corporation licensed for Type 5 regulated activity that is not subject to the licensing condition that it shall not hold client assets;</li> <li>(iii) a corporation licensed for Type 4 or Type 9 regulated activity that is not subject to the licensing condition that it shall not hold client assets; or</li> <li>(iv) A corporation licensed for Type 1 regulated activity that does not provide securities margin financing.</li> </ul>	Get Nice Futures Pacific Challenge Securities eCapitalist.com
HK\$10,000,000	<ul style="list-style-type: none"> <li>(i) A corporation licensed for Type 1 regulated activity that provides securities margin financing; or</li> <li>(ii) A corporation licensed for Type 6 (is not subject to the no sponsor work licensing condition) regulated activity that provides securities margin financing.</li> </ul>	Get Nice Securities
Minimum paid-up share capital requirement not applicable	A corporation licensed for Type 4, Type 6 or Type 9 regulated activities that is subject to the licensing conditions that it shall not hold client assets or engage in sponsor work.	Get Nice Capital Get Nice Asset Management

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## REGULATORY OVERVIEW

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Other than the minimum paid-up share capital requirements, the Financial Resources Rules also stipulate that a licensed corporation shall also maintain minimum liquid capital applicable to our Group's licensed corporations shall be the higher of the amount of (a) and (b) below:

(a) the amount of:

<u>Minimum amount of liquid capital required</u>	<u>Regulated activities</u>
HK\$100,000	a corporation licensed for Type 4, Type 5, Type 6 or Type 9 regulated activity which is subject to the licensing condition that it shall not hold client assets.
HK\$3,000,000	(i) a corporation licensed for Type 1 regulated activity that is not an approved introducing agent or trader;  (ii) a corporation licensed for Type 2 regulated activity that is not an approved introducing agent, a futures non-clearing dealer or trader; or  (iii) a corporation licensed for Type 4, Type 5, Type 6 or Type 9 regulated activity which is not subject to the licensing condition that it shall not hold client assets.

(b) its variable required liquid capital, meaning the basic amount which is 5% of the aggregate of (i) its adjusted liabilities; (ii) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients; and (iii) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to the requirement of payment of initial margin requirement.

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

### **Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong) (the "Client Securities Rules")**

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

Pursuant to section 8A of the Client Securities Rules, if the aggregate market value of the repledged securities collateral as calculated above exceeds 140% of the intermediary's aggregate margin loans on the same Business Day (the "**Relevant Day**"), the intermediary shall by the close of business on the next Business Day following the Relevant Day (the "**Specified Time**") withdraw, or cause to be withdrawn, from deposit an amount of repledged securities collateral such that the aggregate market value of the repledged securities collateral at the Specified Time, which is calculated by reference to the respective closing prices on the Relevant Day, does not exceed 140% of the intermediary's aggregate margin loans as at the close of business on the Relevant Day.

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## REGULATORY OVERVIEW

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

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

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

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

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

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

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

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong as well as the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the SFC which took effect in April 2015 (the “**Anti-Money Laundering Guideline**”).

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

- (a) assess the risks of any new products and services before they are introduced and ensure that appropriate additional measures and controls are implemented to mitigate and manage the associated money laundering and terrorist financing risks;
- (b) identify the client and verify the client’s identity using reliable, independent source documents, data or information, and review from time to time documents, data and information relating to the client obtained to ensure that the client’s information is up-to-date and relevant;



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## REGULATORY OVERVIEW

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- (c) conduct ongoing monitoring of transaction of the clients to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purposes, and examining the background and purposes of those transactions and setting out its findings in writing;
- (d) maintain a database of names and particulars of terrorist suspects and designated parties which consolidates the various lists that have been made known to or, alternatively, make arrangements to access to such a database maintained by third party service providers; and
- (e) conduct ongoing monitoring for identification of suspicious transactions and ensure compliance with their legal obligations of reporting funds or property known or suspected to be proceeds of crime or terrorist property to the Joint Financial Intelligence Unit, a unit jointly run by the Hong Kong Police Force and the Hong Kong Customs and Excise Department to monitor and investigate suspected money laundering.

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

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

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

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

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

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

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

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## REGULATORY OVERVIEW

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

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

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## HISTORY, REORGANISATION AND DEVELOPMENT

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### INTRODUCTION

Our Company was incorporated in the Cayman Islands on 31 August 2015 as an exempted company under the Companies Law in anticipation of the Listing. Immediately following the Reorganisation and before completion of the Spin-off, our Company was 100% owned by GN Holdings. Our Company is the holding company of our Group.

### OUR BUSINESS AND CORPORATE HISTORY

#### Commencement of our business

Our Group was founded in 1988 by Mr. Hung Hon Man (our non-executive Director and the chairman of our Board), Mr. Shum Kin Wai, Frankie (our executive Director), and a former executive director of GN Holdings, when Get Nice Securities (formerly known as Get Nice Investment Limited) was then incorporated with a view to capitalising on the anticipated long-term growth potential of the Hong Kong stock market. At the inception of business of Get Nice Securities in 1989, it was owned as to 45% by each of Mr. Hung Hon Man and the former executive director of GN Holdings and the remaining 10% by Mr. Shum Kin Wai, Frankie. Our Group started its stock broking business in 1989.

To further expand our business scope and offer more funding flexibility to our clients, our Group has, since 1990, undertaken margin financing business through Get Nice Finance, which was founded by Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie. At the inception of business, Get Nice Finance was owned as to 50% by each of Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie. In order to streamline and centralise our operations, our Group's margin financing business has been conducted through Get Nice Securities since June 2000.

Get Nice Futures, which was incorporated in November 1992 to engage in the brokerage service for futures and options, was founded by Mr. Hung Hon Man, together with Mr. Shum Kin Wai, Frankie, Mr. Cham Wai Ho, Anthony, an executive director of GN Holdings and a former executive director of GN Holdings. Get Nice Futures commenced its futures and options broking business in 1994.

To expand our Group's scope of services, Mr. Hung Hon Man, Mr. Cham Wai Ho, Anthony and Mr. Shum Kin Wai, Frankie established Get Nice Capital in December 2000, with the intention to provide corporate finance services to small and medium-sized companies with significant growth potential. In 2001, Get Nice Capital commenced its business in the provision of corporate finance advisory service.

To take advantage of its expanding market share in the financial segment in Hong Kong, GN Holdings acquired the entire issued share capital of Steppington in March 2005. The principal activities of the Steppington Group are the provision of financial services, including securities dealing and broking, futures and options broking, securities margin financing and corporate finance services. The transaction also included the acquisition of the property situated at 10/F., Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong which is our present head office. In 2008, to complement and support our Group's securities broking business, Get Nice Securities offered an online electronic trading services on its website (<http://www.getnice.com.hk/sec.html>) with an initial market focus for its clients to place their trading orders for securities in Hong Kong through the Internet. To enhance our Internet trading platform, our Group provides a comprehensive range of information including real-time price quotes, market commentary on stocks in Hong Kong and general information on trading stocks in Hong Kong on its website.

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## HISTORY, REORGANISATION AND DEVELOPMENT

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In 2012, Get Nice Futures launched an online electronic trading services on its website (<https://futures.getnice.com.hk>) to enable its clients to place their futures and options trading orders in Hong Kong through the Internet.

The following timeline sets out the important milestones of our business development and achievements:

### Business milestones

<b>Year</b>	<b>Business development</b>
1988	Get Nice Securities (formerly known as Get Nice Investment Limited) was founded by Mr. Hung Hon Man, the chairman of GN Holdings, our non-executive Director and the chairman of our Board, together with Mr. Shum Kin Wai, Frankie, our executive Director, and a former executive director of GN Holdings.
1989	Get Nice Securities commenced its securities broking business.
1990	Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie established Get Nice Finance to engage in securities margin financing business.
1992	Get Nice Futures was incorporated to engage in the broking service for futures and options.
2000	Our securities margin financing business has been conducted through Get Nice Securities.  Get Nice Capital was incorporated to provide corporate finance services.
2002	GN Shares were listed on the Main Board of the Stock Exchange.
2005	GN Holdings acquired 100% of the issued share capital of Steppington, which was principally engaged in the provision of securities broking and securities margin financing services through its subsidiary, Pacific Challenge Securities.
2008	Get Nice Securities launched its internet securities trading platform.
2012	Get Nice Futures launched its internet futures and options trading platform.
2016	Get Nice Securities launched its mobile application securities trading platform.

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## HISTORY, REORGANISATION AND DEVELOPMENT

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### **GN Holdings**

We have been operating under GN Holdings during the Track Record Period and prior to completion of the Spin-off. GN Holdings, the shares of which are listed on the Main Board of the Stock Exchange since 2002, is an investment holding company incorporated in the Cayman Islands. GN Holdings Group is principally engaged in the provision of securities and financial services including broking, securities margin financing, money lending and corporate finance advisory services, as well as investments in properties and financial instruments. Immediately after completion of the Spin-off, GN Holdings Group is and will be engaged in the Securities Business through our Group.

### **Shareholding history of our major subsidiaries before the Reorganisation**

#### ***Get Nice Securities***

Get Nice Securities is a company incorporated in Hong Kong with limited liability on 21 December 1988. Immediately before completion of the Spin-off, it is an indirect wholly-owned subsidiary of GN Holdings. For the purpose of the listing of GN Shares in 2002, all issued ordinary shares then held by Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie were converted to non-voting deferred shares and on 14 May 2002, two ordinary shares were allotted to Get Nice Incorporated and one ordinary share was allotted to Mr. Hung Hon Man who held the share in Get Nice Securities on trust for the sole benefit of Get Nice Incorporated as evidenced by a declaration of trust dated 14 May 2002. Since then, Get Nice Securities became a direct wholly-owned subsidiary of Get Nice Incorporated. In 2006 and 2007, there were allotments and issuances of a total of 359,999,997 ordinary shares in Get Nice Securities to Get Nice Incorporated and subsequent to which Get Nice Incorporated holds 359,999,999 ordinary shares in Get Nice Securities and one share is held by Mr. Hung Hon Man on trust for the sole benefit of Get Nice Incorporated; and hence, Get Nice Securities is wholly-owned by Get Nice Incorporated.

Get Nice Securities is principally engaged in the provision of securities broking and securities margin financing services in Hong Kong. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

#### ***Get Nice Asset Management***

Get Nice Asset Management is a company incorporated in Hong Kong with limited liability on 22 October 1999. Immediately before completion of the Spin-off, it is an indirect wholly-owned subsidiary of GN Holdings. For the purpose of the listing of GN Shares in 2002, Get Nice Incorporated acquired an aggregate of 1,999,999 shares in Get Nice Asset Management from Mr. Hung Hong Man and Mr. Shum Kin Wai, Frankie on 14 May 2002 and as consideration, a total of 60 shares in Get Nice Incorporated were allotted and issued to them; and one share in Get Nice Asset Management was held by Mr. Hung Hon Man who held the share on trust for the sole benefit of Get Nice Incorporated as evidenced by a declaration of trust dated 14 May 2002. Since then, Get Nice Asset Management became a direct wholly-owned subsidiary of Get Nice Incorporated.

Get Nice Asset Management used to be principally engaged in the business of the provision of broking services for mutual funds, unit trusts and insurance-linked investment plans and products in Hong Kong. Since December 2009, Get Nice Asset Management has not been actively engaged in business. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

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## HISTORY, REORGANISATION AND DEVELOPMENT

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### ***Get Nice Capital***

Get Nice Capital is a company incorporated in Hong Kong with limited liability on 20 December 2000. Immediately before completion of the Spin-off, it is an indirect wholly-owned subsidiary of GN Holdings. For the purpose of the listing of GN Shares in 2002, Get Nice Incorporated acquired a total of 9,999,999 shares in Get Nice Capital from Mr. Hung Hon Man, Mr. Shum Kin Wai, Frankie and Mr. Cham Wai Ho, Anthony on 14 May 2002 and as consideration, a total of 510 shares in Get Nice Incorporated were allotted and issued to Honeylink Agents Limited (as directed by Mr. Hung Hon Man), Chambray Resources Limited (as directed by Mr. Cham Wai Ho, Anthony) and Mr. Shun Kin Wai, Frankie; and one share in Get Nice Capital was held by Mr. Hung Hon Man who held the share on trust for the benefit of Get Nice Incorporated as evidenced by a declaration of trust dated 14 May 2002. Since then, Get Nice Capital became a direct wholly-owned subsidiary of Get Nice Incorporated.

Get Nice Capital is principally engaged in the provision of financial advisory services to listed issuers in Hong Kong. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***Get Nice Futures***

Get Nice Futures is a company incorporated in Hong Kong with limited liability on 12 November 1992. Immediately before completion of the Spin-off, it is an indirect wholly-owned subsidiary of GN Holdings. For the purpose of the listing of GN Shares in 2002, Get Nice Incorporated acquired a total of 9,999,999 shares in Get Nice Futures from Mr. Hung Hon Man, Mr. Shum Kin Wai, Frankie and Mr. Cham Wai Ho, Anthony on 14 May 2002 and as consideration, a total of 630 shares in Get Nice Incorporated were allotted and issued to Honeylink Agents Limited (as directed by Mr. Hung Hon Man), Chambray Resources Limited (as directed by Mr. Cham Wai Ho, Anthony) and Mr. Shum Kin Wai, Frankie; and one share held by Mr. Hung Hon Man who held the share on trust for the sole benefit of Get Nice Incorporated as evidenced by a declaration of trust dated 14 May 2002. Since then, Get Nice Futures became a direct wholly-owned subsidiary of Get Nice Incorporated. In 2007, there was an allotment and issuance of a total of 10,000,000 shares in Get Nice Futures to Get Nice Incorporated and subsequent to which Get Nice Incorporated holds 19,999,999 shares in Get Nice Futures and one share is held by Mr. Hung Hon Man on trust for the sole benefit of Get Nice Incorporated; and hence, Get Nice Futures is wholly-owned by Get Nice Incorporated.

Get Nice Futures is principally engaged in the provision of futures and options broking services in Hong Kong. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***eCapitalist.com***

eCapitalist.com is a company incorporated in Hong Kong with limited liability on 26 August 1998. In March 2005, eCapitalist.com became an indirect wholly-owned subsidiary of GN Holdings when Steppington was acquired by GN Holdings from an Independent Third Party.

eCapitalist.com has been inactive since the acquisition in 2005. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***Pacific Challenge Futures***

Pacific Challenge Futures is a company incorporated in Hong Kong with limited liability on 15 May 1998. In March 2005, Pacific Challenge Futures became an indirect wholly-owned subsidiary of GN Holdings when Steppington was acquired by GN Holdings from an Independent Third Party.

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## HISTORY, REORGANISATION AND DEVELOPMENT

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Pacific Challenge Futures used to be principally engaged in the provision of futures and options broking services in Hong Kong. Since 2005, in order to streamline GN Holdings Group's operation, the business and operation of Pacific Challenge Futures have been conducted through Get Nice Futures. Since then, Pacific Challenge Futures has become inactive. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***Pacific Challenge Securities***

Pacific Challenge Securities is a company incorporated in Hong Kong with limited liability on 18 March 1993. It is an indirect wholly-owned subsidiary of GN Holdings. In March 2005, Pacific Challenge Securities became an indirect wholly-owned subsidiary of GN Holdings when Steppington was acquired by GN Holdings from an Independent Third Party.

Pacific Challenge Securities used to be principally engaged in the provision of securities broking and securities margin financing services in Hong Kong. Since 2005, in order to streamline GN Holdings Group's operation, the business and operation of Pacific Challenge Securities have been conducted through Get Nice Securities. Since then, it has become inactive. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***Grace Field***

Grace Field is a company incorporated in Hong Kong with limited liability on 24 November 1999. It is an indirect wholly-owned subsidiary of GN Holdings. In March 2005, Grace Field became an indirect wholly-owned subsidiary of GN Holdings when Steppington was acquired by GN Holdings from an Independent Third Party.

Grace Field is a property holding company. It owns our head office situated at 10/F., Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***Get Nice Investment***

Get Nice Investment is a company incorporated in Hong Kong with limited liability on 1 April 2008. It is an indirect wholly-owned subsidiary of GN Holdings. As at the date of incorporation, it was wholly-owned by Get Nice Development Limited, an indirect wholly-owned subsidiary of GN Holdings.

Get Nice Investment is an investment holding company and owns a yacht. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.



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## HISTORY, REORGANISATION AND DEVELOPMENT

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### ***Steppington***

Steppington is a company incorporated in the BVI with limited liability on 18 January 2000. In March 2005, Steppington was acquired by GN Holdings from an Independent Third Party at a consideration of approximately HK\$246 million which was determined with reference to the net asset value of Steppington as at 31 December 2004. Since then Steppington became a direct wholly-owned subsidiary of GN Holdings.

Steppington is an investment holding company. Upon completion of the Reorganisation, it became our direct wholly-owned subsidiary.

### ***Superior Capital***

Superior Capital is a company incorporated in the BVI with limited liability on 9 April 2001. It is an indirect wholly-owned subsidiary of GN Holdings. In March 2005, Superior Capital became an indirect wholly-owned subsidiary of GN Holdings when Steppington was acquired by GN Holdings from an Independent Third Party.

Superior Capital is an investment holding company. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***NobleNet***

NobleNet is a company incorporated in the BVI with limited liability on 11 January 2000. It is an indirect wholly-owned subsidiary of GN Holdings. In March 2005, NobleNet became an indirect wholly-owned subsidiary of GN Holdings when Steppington was acquired by GN Holdings from an Independent Third Party.

NobleNet is an investment holding company. Upon completion of the Reorganisation, it became our indirect wholly-owned subsidiary.

### ***Get Nice Incorporated***

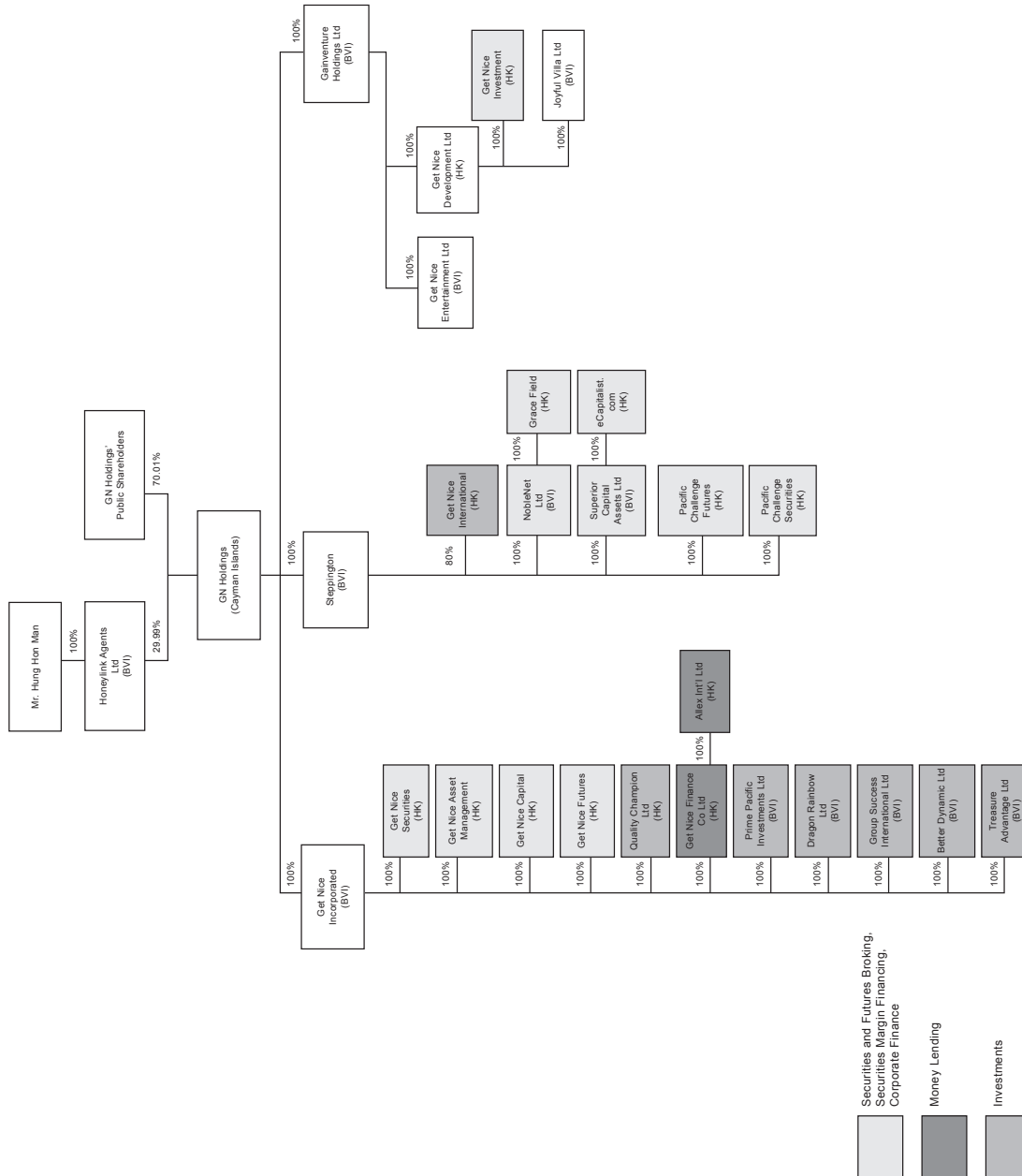
Get Nice Incorporated is a company incorporated in the BVI with limited liability on 8 April 1998. It is a direct wholly-owned subsidiary of GN Holdings. As at the date of incorporation, it was owned as to 50% by Honeylink Agents Limited, a company wholly-owned by Mr. Hung Hon Man and 50% by Chambray Resources Limited (a company wholly-owned by Mr. Cham Wai Ho, Anthony). For the purpose of the listing of GN Shares in 2002, GN Holdings acquired the entire issued share capital of GN Incorporated from Honeylink Agents Limited, Chambray Resources Limited and Mr. Shum Kin Wai, Frankie on 16 May 2002 and as consideration, a total of 1,000,000 shares in GN Holdings were allotted and issued to them. Since then, it became a direct wholly-owned subsidiary of GN Holdings.

Get Nice Incorporated is an investment holding company. Upon completion of the Reorganisation, it became our direct wholly-owned subsidiary of our Company.

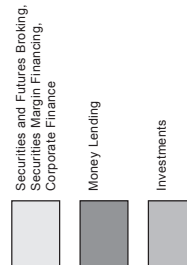
# HISTORY, REORGANISATION AND DEVELOPMENT

## REORGANISATION

Corporate structure immediately prior to the Reorganisation



Other members of the Remaining Group not related to the Reorganisation are not shown above



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## HISTORY, REORGANISATION AND DEVELOPMENT

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### The Reorganisation

For the purpose of the Listing, the following Reorganisation steps have been undertaken:

#### (1) Incorporation of our Company as a wholly-owned subsidiary of GN Holdings

Our Company was incorporated in the Cayman Islands with limited liability on 31 August 2015. One nil-paid ordinary Share, representing 100% of the then issued share capital of our Company, was allotted and issued to the initial subscriber to the Memorandum and Articles on 31 August 2015, which was later transferred to GN Holdings on the same date.

#### (2) Transfers of shares of certain subsidiaries of GN Holdings

##### *Get Nice International Limited*

On 16 March 2016, Get Nice Entertainment Limited (“**Get Nice Entertainment**”) acquired 80 shares in Get Nice International Limited (“**Get Nice International**”), representing 80% of its issued share capital, from Steppington at a consideration of HK\$200,780. Such consideration was determined with reference to the investment cost of Get Nice International and was settled on 16 March 2016.

##### *Treasure Advantage Limited*

On 16 March 2016, GN Holdings acquired one share in Treasure Advantage Limited (“**Treasure Advantage**”), representing its entire issued share capital, from Get Nice Incorporated at a nominal consideration of HK\$7.8. Such consideration was determined with reference to the investment cost of Treasure Advantage and was settled on 16 March 2016.

##### *Quality Champion Limited*

On 16 March 2016, Joyful Villa Limited (“**Joyful Villa**”) acquired 9,000 shares in Quality Champion Limited (“**Quality Champion**”), representing its entire issued share capital, from Get Nice Incorporated at a nominal consideration of HK\$8. Such consideration was determined with reference to the investment cost of Quality Champion and was settled on 16 March 2016.

##### *Prime Pacific Investments Limited, Dragon Rainbow Limited, Group Success International Limited, Better Dynamic Limited and Get Nice Finance*

On 16 March 2016, Treasure Advantage acquired the following shares from Get Nice Incorporated:

- (i) one share in Prime Pacific Investments Limited (“**Prime Pacific**”), representing its entire issued share capital, at a nominal consideration of HK\$7.8, which was determined with reference to the investment cost of Prime Pacific and was settled on 16 March 2016;
- (ii) one share in Dragon Rainbow Limited (“**Dragon Rainbow**”), representing its entire issued share capital, at a consideration of approximately HK\$107,300,000, which was determined with reference to the investment cost of Dragon Rainbow and was settled on 16 March 2016;
- (iii) one share in Group Success International Limited (“**Group Success**”), representing its entire issued share capital, at a consideration of approximately HK\$35,033,000, which was determined with reference to the investment cost of Group Success and was settled on 16 March 2016;

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## HISTORY, REORGANISATION AND DEVELOPMENT

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- (iv) one share in Better Dynamic Limited (“**Better Dynamic**”), representing its entire issued share capital, at a consideration of HK\$7.8, which was determined with reference to the investment cost of Better Dynamic and was settled on 16 March 2016; and
- (v) two shares in Get Nice Finance, representing its entire issued share capital, at a consideration of HK\$176, which was determined with reference to the investment cost of Get Nice Finance and was settled on 16 March 2016.

### *Get Nice Investment*

On 16 March 2016, Steppington acquired one share in Get Nice Investment, representing its entire issued share capital, from Get Nice Development Limited (“**Get Nice Development**”) at a consideration of HK\$1, which was determined with reference to the investment cost of Get Nice Development and was settled on 16 March 2016.

After the aforesaid transfers:

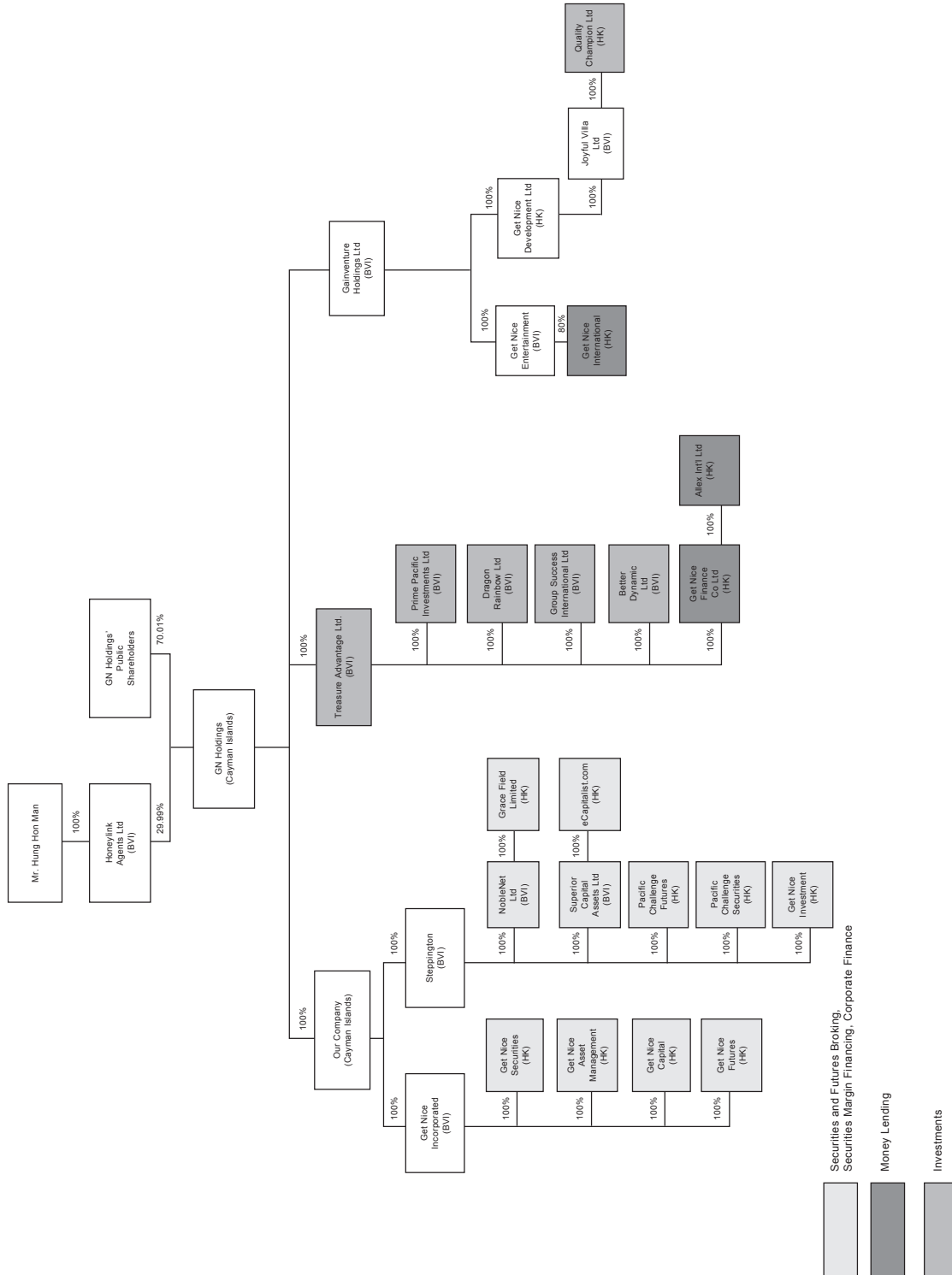
- (a) Get Nice International was directly owned as to 80% by Get Nice Entertainment;
- (b) Treasure Advantage became a direct wholly-owned subsidiary of GN Holdings and directly wholly owned Prime Pacific, Dragon Rainbow, Group Success, Better Dynamic and Get Nice Finance;
- (c) Quality Champion became a directly wholly-owned subsidiary of Joyful Villa; and
- (d) Get Nice Investment became a direct wholly-owned subsidiary of Steppington.

### **(3) Acquisition of the entire issued share capital of Steppington and Get Nice Incorporated by our Company**

On 16 March 2016, our Company, as purchaser, entered into a sale and purchase agreement with GN Holdings, as vendor, pursuant to which our Company acquired (i) 1,000,000 shares in Steppington which represent its then entire issued share capital, from GN Holdings and in consideration, the one nil-paid Share held by GN Holdings was credited as fully paid and 8,999,999 Shares were allotted and issued to GN Holdings; and (ii) 10,000 shares in Get Nice Incorporated which represent its then entire issued share capital, from GN Holdings and in consideration, 1,000,000 Shares were allotted and issued to GN Holdings.

# HISTORY, REORGANISATION AND DEVELOPMENT

The shareholding structure of our Group after completion of step (3) is set out below:



Other members of the Remaining Group not related to the Reorganisation are not shown above

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## HISTORY, REORGANISATION AND DEVELOPMENT

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### **(4) Loan Capitalisation Issue and the Distribution of Shares by GN Holdings by way of distribution in specie to Qualifying GN Shareholders conditional upon Listing**

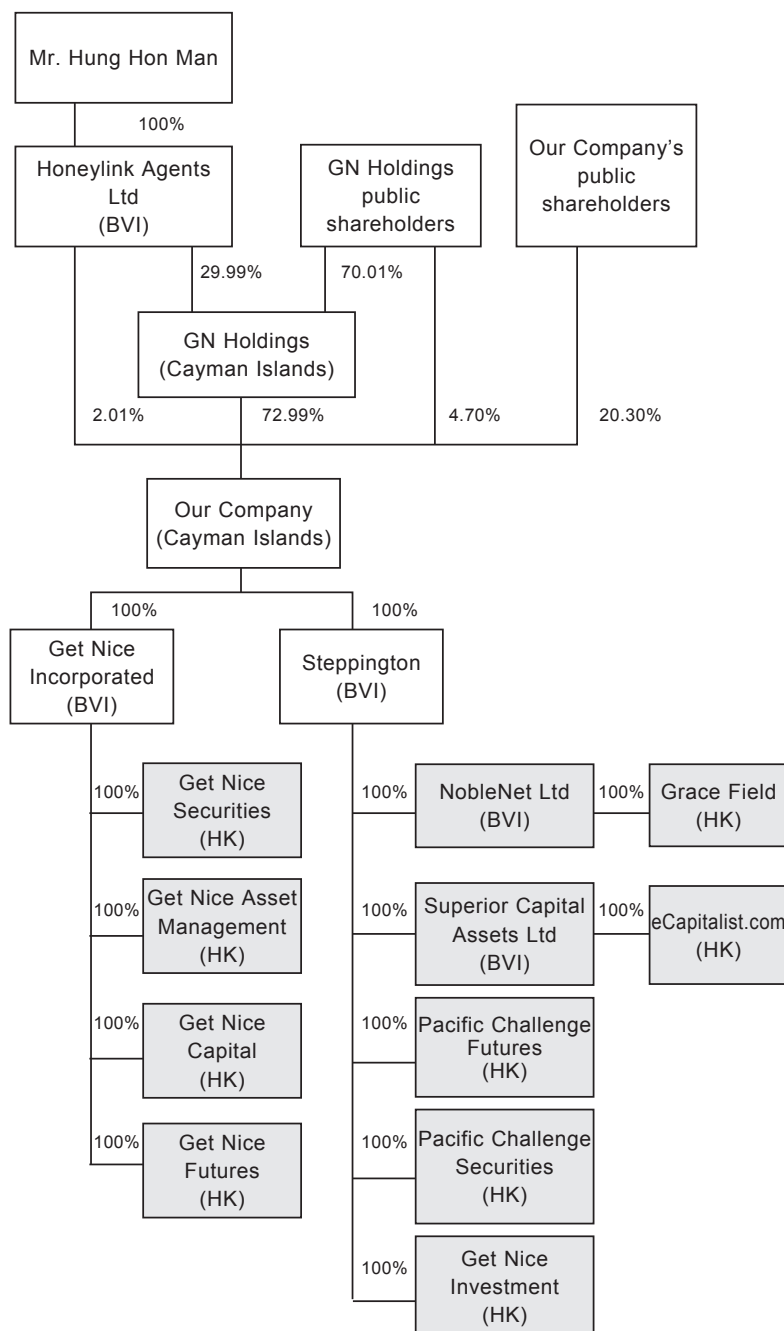
The GN Shareholders approved the Spin-off in an extraordinary general meeting of GN Holdings held on 10 December 2015. The special dividend declared by the board of directors of GN Holdings will be settled by way of distribution in specie to the Qualifying GN Shareholders of an aggregate of 167,755,348 Shares conditional upon Listing. Please refer to the section headed “The Spin-off and Distribution — The Distribution” in this prospectus for further details on the Distribution. Pursuant to the resolutions of our sole Shareholder passed on 16 March 2016, subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 1,982,445,519 new Shares to GN Holdings under the Loan Capitalisation Issue, of which 167,755,348 Shares will be distributed under the Distribution and immediately following the Distribution, GN Holdings will hold 1,824,690,171 Shares, representing approximately 91.58% of the then issued share capital of our Company.

### **Corporate structure after the Reorganisation, the Distribution and the Global Offering**

Honeylink Agents Limited, a company wholly-owned by Mr. Hung Hon Man, will be entitled to 50,309,829 Shares under the Distribution based on its shareholdings in GN Holdings on the Latest Practicable Date, representing approximately 2.01% of the issued share capital of our Company following completion of the Reorganisation, the Distribution and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the share options which may be granted under the Share Option Scheme, and any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date). As Mr. Hung Hon Man is a connected person of our Company for being a non-executive Director and the chairman of our Board, Honeylink Agents Limited is not considered as public under the Listing Rules. Excluding its shareholding interests in our Company as a result of the Distribution, it is expected that our Company will have a public float of approximately 25% of the Shares upon Listing (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the share options which may be granted under the Share Option Scheme, and any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date) which complies with the public float requirement under Rule 8.08 of the Listing Rules.

## HISTORY, REORGANISATION AND DEVELOPMENT

The shareholding structure of our Group after completion of the Reorganisation, the Distribution and Global Offering is set out below (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the share options which may be granted under the Share Option Scheme, and any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date):

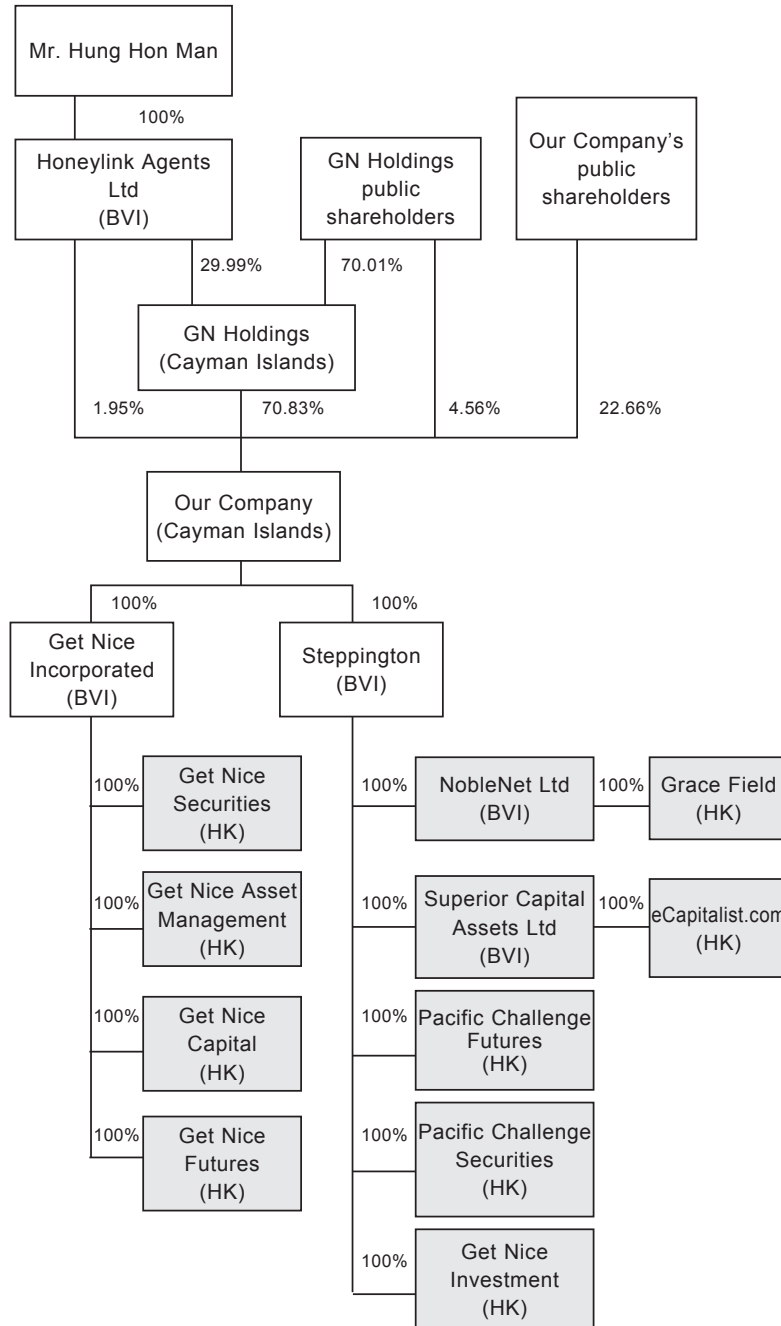


Based on the shareholding structure of our Company as outlined above, immediately after completion of the Distribution and the Global Offering, GN Holdings will hold approximately 72.99% interest in the issued share capital of our Company. As such, GN Holdings will continue to consolidate our Group in GN Holdings Group's financial statements after the Listing.



## HISTORY, REORGANISATION AND DEVELOPMENT

The shareholding structure of our Group after completion of the Reorganisation, the Distribution and Global Offering is set out below (taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option but without taking into account any Shares which may be issued pursuant to the exercise of the share options which may be granted under the Share Option Scheme, and any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date):



Based on the shareholding structure of our Company as outlined above, immediately after completion of the Distribution and the Global Offering, GN Holdings will hold approximately 70.83% interest in the issued share capital of our Company. As such, GN Holdings will continue to consolidate our Group in GN Holdings Group's financial statements after the Listing.

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## BUSINESS

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### OVERVIEW

Our Group is a well-established financial services provider in the Hong Kong securities industry founded in 1988. We target a niche market segment of high-net-worth individuals by offering quality and personal client services. The financial services provided by us include (i) broking services; (ii) securities margin financing services; and (iii) corporate finance advisory services. The majority of our revenue was generated from our securities margin financing services. Our revenue from our securities margin financing services accounted for approximately 72.4%, 67.7%, 69.2% and 63.6% for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively. Details of the financial services provided by us are set out as follows:

- **Broking services**

Our broking services mainly comprise the following:

**Securities broking services:** We act as intermediary between buyers and sellers of securities listed on the Main Board and GEM Board of the Stock Exchange in return for brokerage commission income.

**Futures and option broking services:** We provide brokerage services for futures and options traded on the Futures Exchange, such as HSI futures and options, and mini-HSI futures and options. We generate revenue from commission received from our clients when relevant transactions are executed.

**Placing and underwriting services:** We act as underwriter, sub-underwriter, placing agent or sub-placing agent for equity and debt securities in transactions, such as IPOs, rights issues, open offers and other fundraising exercises in return for placing or underwriting commission income.

**Proof of funds services:** We provide proof of funds services for transactions relating to the Takeovers Code for our clients which allow them to show that they have sufficient resources to satisfy their obligations under the relevant transactions in return for upfront fee.

- **Securities margin financing services**

We provide securities margin financing services to our clients, who would like to purchase securities on the secondary market or apply for shares in connection with IPOs in return for interest income.

- **Corporate finance advisory services**

We provide financial advisory services to our clients regarding matters, such as (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; and (ii) giving opinions or recommendations to the independent board committee and the independent shareholders of listed issuers in the capacity of independent financial advisers in return for advisory fee income.

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## BUSINESS

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Our Group achieved rapid growth in our total revenue and net profit during the Track Record Period. Our total revenue increased by approximately 24.2% from approximately HK\$158.3 million for the year ended 31 March 2013 to approximately HK\$196.6 million for the year ended 31 March 2014, and further increased by approximately 47.8% to approximately HK\$290.5 million for the year ended 31 March 2015, representing a CAGR of approximately 35.5%. Our total revenue increased by approximately 94.5% from approximately HK\$179.1 million for the eight months ended 30 November 2014 to approximately HK\$348.4 million for the eight months ended 30 November 2015. Our net profit increased by approximately 31.4% from approximately HK\$86.2 million for the year ended 31 March 2013 to approximately HK\$113.3 million for the year ended 31 March 2014, and further increased by approximately 69.5% to approximately HK\$192.0 million for the year ended 31 March 2015, representing a CAGR of approximately 49.2%. Our net profit increased by approximately 94.8% from approximately HK\$119.2 million for the eight months ended 30 November 2014 to approximately HK\$232.2 million for the eight months ended 30 November 2015.

### COMPETITIVE STRENGTHS

Our Directors are of the view that we have the following competitive strengths:

#### **Long history of establishment with stable client base**

Our broking business was first commenced by Get Nice Securities, a wholly-owned subsidiary of our Company which started its securities broking business in Hong Kong in 1989. In 1992, Get Nice Futures, another wholly-owned subsidiary of our Company, was incorporated and in 1994 it commenced business in futures and options broking services. Since 1990, we have been undertaking securities margin financing business through Get Nice Finance and at a later date through Get Nice Securities. We have been in the securities broking and margin financing industry in Hong Kong for more than 20 years, and we have built strong relationships with our clients. As at 30 November 2015, a majority of our clients whose accounts recorded at least one trading activity (for purchase and/or sale of securities, broking transaction) in the past twelve months have been with our Group for more than seven years, a sign of our strong client loyalty and stable client base.

According to a letter issued by the Stock Exchange to Stock Exchange Participants on a quarterly basis, for the nine months ended 30 September 2015, Get Nice Securities ranked 111 out of 496 active Stock Exchange Participants based on the market share of the trading fee, transaction levy and investor compensation levy (if applicable)\*. Our Directors believe that our reasonable commission rate, quality and prompt service, strong financial resources and reliable trading system, enabled our Group to establish a stable client base over the years.

*\* The Stock Exchange and its subsidiaries do not guarantee the accuracy or reliability of the information and do not accept any liability (whether in tort, contract or otherwise) for any loss or damage arising from any inaccuracy or omission of the information; or any decision, action or non-action based on or in reliance upon any information by any person.*

We have established relationships with investment banks, shareholders and the management of listed issuers which help us attract business and client growth for our corporate finance advisory, placing and underwriting services.

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## BUSINESS

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### **Experienced, competent and stable management and account executive team**

We are led by a team of experienced professionals with substantial expertise in formulating corporate strategies, monitoring compliance and financial performance as well as controlling credit risks, particularly those risks arising from market fluctuations, and managing daily operations with an aim to providing services to our clients in a reliable, efficient and professional manner.

In particular, Mr. Shum Kin Wai, Frankie and Mr. Hung Sui Kwan, being our executive Directors, and Mr. Ng Hon Sau, Larry, being a member our senior management, each has over 29, 15 and over 23 years of experience in the securities services industry respectively. With such experiences and valuable knowledge, our Directors believe that our Group will be able to respond to and cope readily with the rapidly evolving and fluctuating market environment. Please refer to the section headed “Directors, Senior Management and Employees” of this prospectus for further details of the experience and qualifications of our Group’s management team.

We have a stable team of experienced account executives. During the Track Record Period, only seven account executives have left. For the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, 87, 88, 85 and 85 account executives respectively, were under our registration with the SFC. As at 30 November 2015, over 75% of our account executives had over seven years of experience in securities industry. Our Directors believe that such a stable team of experienced account executives represents valuable human capital for our Group, particularly given their established relationship with our clients and work experience in the financial services industry.

### **Streamlined and efficient organisational structure**

Our Group has a streamlined organisational structure whereby all decisions in relation to the execution and settlement of clients’ orders will be supervised by our Responsible Officers. We believe that this facilitates efficient execution and settlement of clients’ orders. Our Directors consider that our Group’s competitive edge lies in a flat and efficient organisational structure for our scale of operation. We believe such a streamlined structure also promotes a closer working relationship among employees and enhances our Group’s ability to maintain a trustful and harmonious relationship with our account executives. Furthermore, our account executives comprise Staff AEs and Self-Employed AEs. This allows us to control staff costs which is important during periods of lower market activities as Self-Employed AE(s) are not entitled to any fixed monthly salary or statutory employee benefits. Instead, they are entitled to brokerage commission sharing only when we receive brokerage commission from clients served by such Self-Employed AEs. Therefore, this gives us a further competitive edge in that we are relatively lean for our scale of operation and we believe that it helps control our costs especially during a period of market downturn. We believe this has enabled us to operate efficiently and effectively.

### **Customised client services**

We provide quality and personal services to our clients which enable us to maintain a loyal and stable client base. For example, all our clients are served by our experienced sales and marketing team which consists of experienced account executives that are equipped with an extensive knowledge of a wide range of financial products and securities dealing experiences so as to be able to advise clients and keep them abreast of the most recent market developments. We also have a dedicated client service department to handle general enquiries, such as account opening, fees and service charges, complaints and internet trading enquiries to assist potential and existing clients.

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## BUSINESS

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The underwriting, sub-underwriting, placing or sub-placing commissions charged by our Group are subject to negotiation on a case-by-case basis with the listed issuer or company concerned and is generally in line with market rates. We generally charge a percentage of the fundraising size based on the prevailing market rate and with reference to, among other matters, the size of our underwriting or placing commitment, the general market sentiment and our role and bargaining power against the relevant listed issuer or company. This flexibility enables us to create the most mutually beneficial arrangement, as well as attract new and retain existing clients.

### **Synergy with wide range of financial services offered**

Our Group offers a wide range of financial services. This enables us to create synergies and diversify the products we provide to clients. For example, we provide securities margin financing services to our clients who would like to purchase securities on the secondary market and apply for shares in connection with IPOs for selected cases approved by our Responsible Officers. The securities margin financing service offers funding flexibility to our clients by assisting them to leverage their investments. Our Group also provides proof of funds services for transactions relating to the Takeovers Code, particularly providing irrevocable standby facilities to an offeror in respect of the offeror's general offer obligations under the Takeovers Code during the offer period.

### **Prudent risk management system**

We have an established risk management system. In the course of the past few years, we have developed our capabilities and experience in preventing, identifying, managing and addressing various risks. Our senior executives play a leading role in managing our risk exposure on a day-to-day basis. We believe that our prudent risk management system helps us maintain client loyalty and build a reputation as a quality, trustworthy brokerage firm.

Furthermore, we believe effective risk management also depends on employee behaviour and we have increased employee awareness and accountability for risk management. We have established effective risk management systems and internal controls that enable us to identify, evaluate and manage credit, market and operational risks in our business, to optimise risk allocations and to develop risk-mitigating measures. We believe these factors also enable our Group to have high creditworthiness and a well-established position in the market, which allows our Group to obtain credit facilities for its business expansion from various banks and other financial institutions, if necessary.

## **BUSINESS STRATEGIES**

Our overall business objective is to further strengthen our position in the securities industry in Hong Kong with a focus on our broking services and securities margin financing services. We also intend to develop and strengthen our corporate finance advisory services. Further, we intend to leverage on our current position to further establish our presence in the Hong Kong market as well as expand and broaden our client base principally by developing our existing services and improving our sales and marketing system.

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## BUSINESS

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We intend to implement the following strategies in order to grow our business and create value for our Shareholders:

### **Further development of our core business by expanding our securities margin financing business and broking business**

We intend to further expand our securities margin financing business to clients who wish to purchase securities on a margin basis. We intend to finance the expansion of our securities margin financing business by the net proceeds raised from the Global Offering. The expansion of our securities margin financing portfolio would enhance our ability to increase our interest income and broaden our client base. A larger amount of funds for financing would allow our Group to offer margin loans to more clients and/or greater margin limits to our existing clients as well as increase our capacity to provide proof of funds services for transactions relating to the Takeovers Code. This will, in turn, enhance our ability to (i) attract more broking clients to trade using their accounts with support of our securities margin financing service; and (ii) generate more service income arising from the provision of proof of funds services for transactions relating to the Takeovers Code. Moreover, by spinning off from the GN Holdings Group, we will enhance financing flexibility by creating separate fundraising platforms in the equity, loan and debt capital markets to support the development of our businesses. The separate listing of our Group will potentially provide greater clarity for the credit profile of our Group to the financial institutions that wish to extend credit or financing to us, which will result in greater financing capacity.

### **Further development of underwriting and placing service**

As underwriting and placing transactions (including provision of fund proof for transactions relating to the Takeovers Code) are non-recurring, our management will enhance its effort in sourcing clients for this service while being vigilant of the changes in market trends and needs.

### **Increasing and maintaining client confidence and loyalty**

We would like to strengthen our brand name by building higher profile and visibility in the market which will in turn build up confidence of our existing and potential clients.

To enhance the quality of our services towards our existing House Account clients, we have dedicated Responsible Officers and account executives to serve our House Account clients.

Furthermore, we intend to achieve greater efficiency resulting from more defined and focused management which will in turn lead to an improvement in our internal control systems and therefore operational efficiency and integrity. These should improve client confidence and therefore loyalty, which in turn will help us build on our client base and encourage repeat client transactions.

In line with our existing business strategies, we aim to provide comprehensive capital market services to affluent and high-net-worth individuals by strategically developing our securities margin financing business.

### **Strategic development on new markets**

One of our potential strategies is to extend our securities dealing service to eligible stocks listed on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect.

## BUSINESS

With the launch of the Shanghai-Hong Kong Stock Connect on 17 November 2014, investors in Hong Kong are now able to trade eligible stocks listed on the Shanghai Stock Exchange through eligible brokers in Hong Kong. According to the monthly statistics in relation to Shanghai-Hong Kong Stock Connect published on the website of the Stock Exchange, the aggregate trading value of Northbound Trading and Southbound Trading in August 2015 was approximately RMB120.7 billion and HK\$51.0 billion, respectively.

With an aim to cater for business opportunities arising from the launch of the Shanghai-Hong Kong Stock Connect, we aim to expand our services by offering our clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange through us.

As at the Latest Practical Date, Get Nice Securities had obtained approval to become a China Connect Exchange Participant and a China Connect Clearing Participant. We have formally launched the Shanghai-Hong Kong Stock Connect services in the last quarter of 2015. We believe that the extension of our service scope to trade eligible stocks listed on the Shanghai Stock Exchange will increase our revenue from brokerage commissions.

### Consolidating securities trading platform and continuous improvement in our IT infrastructure

Since the introduction of our online securities and futures trading systems, clients have been able to enjoy an efficient and secure trading platform. We will continue to improve our IT infrastructure to support our business growth.

### OUR BUSINESS MODEL AND SERVICES

Our Group is a well-established financial services provider in Hong Kong founded in 1988. We provide a wide range of financial services to our clients including (i) broking services, which includes securities broking services, futures and options broking services, placing and underwriting services as well as proof of funds services for transactions relating to the Takeovers Code; (ii) securities margin financing services; and (iii) corporate finance advisory services. The table below sets out the breakdown of our Group's total revenue by types of service for the three years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2014 and 2015.

	Year ended 31 March						Eight months ended 30 November					
	2013		2014		2015		2014		2015			
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue		
	<i>(unaudited)</i>											
Broking services . . . . .	43,202	27.3	63,019	32.1	87,467	30.1	57,265	31.9	124,362	35.7		
Securities margin financing services . . . . .	114,573	72.4	133,100	67.7	200,981	69.2	120,310	67.2	221,517	63.6		
Corporate finance advisory services . . . . .	516	0.3	431	0.2	2,040	0.7	1,567	0.9	2,515	0.7		
<b>Total . . . . .</b>	<b>158,291</b>	<b>100.0</b>	<b>196,550</b>	<b>100.0</b>	<b>290,488</b>	<b>100.0</b>	<b>179,142</b>	<b>100.0</b>	<b>348,394</b>	<b>100.0</b>		



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### (i) Broking Services

Our broking services comprise mainly securities broking services, futures and options broking services, underwriting and placing services as well as proof of funds services for transactions relating to the Takeovers Code. Our securities broking services, underwriting and placing services as well as proof of funds services are undertaken by Get Nice Securities, while our futures and options broking services are undertaken by Get Nice Futures. The table below sets out the breakdown of the revenue from our Group's broking services during the Track Record Period:

	Year ended 31 March						Eight months ended 30 November			
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Securities broking services . . . . .	29,416	68.1	39,175	62.2	50,838	58.1	31,645	55.3	61,904	49.8
Futures and options broking services . . . . .	3,117	7.2	4,500	7.1	3,989	4.6	2,676	4.7	4,175	3.4
Placing and underwriting services . . . . .	7,354	17.0	8,397	13.3	12,252	14.0	9,883	17.2	34,861	28.0
Proof of funds services . . . . .	-	-	-	-	10,859	12.4	6,850	12.0	10,200	8.2
Others <sup>(Note)</sup> . . . . .	3,315	7.7	10,947	17.4	9,529	10.9	6,211	10.8	13,222	10.6
<b>Total</b> . . . . .	<b>43,202</b>	<b>100.0</b>	<b>63,019</b>	<b>100.0</b>	<b>87,467</b>	<b>100.0</b>	<b>57,265</b>	<b>100.0</b>	<b>124,362</b>	<b>100.0</b>

*Note: Others include mainly clearing and handling fee income and interest income from our deposits.*

### (a) Securities Broking Services

We provide securities broking services to our clients for trading in securities listed on the Main Board and GEM Board of the Stock Exchange. Such trades are conducted over a wide range of securities, ranging from HSI constituents, red chips and H shares to companies with smaller capitalisation and/or those listed on GEM Board of the Stock Exchange. Our clients have to maintain a securities trading account (cash and/or margin) with us before placing any trade orders. Trade orders from our clients are usually placed through telephone or the online trading platform via our website. All trade orders placed by our clients are managed and executed by our account executives including both Staff AEs or Self-Employed AEs. Both groups of account executives are responsible for introducing clients and business leads, and carrying out sales and dealing procedures, while the kind of trading accounts that each type of account executives handles are different. We have designated certain trading accounts as House Accounts. When clients are sourced by Staff AEs or Self-Employed AEs, those clients' trading accounts are classified as Referred Accounts. Our Staff AEs serve and manage both House Accounts and their own portfolio of Referred Accounts, whereas our Self-Employed AEs only serve their own portfolio of Referred Accounts. Our Directors consider that by engaging Self-Employed AEs, which is in line with common industry practice, it enables our Group to broaden our business network and reach out to more potential clients while minimising fixed staff costs since they are not entitled to any fixed monthly salary.

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## BUSINESS

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The revenue generated from our securities broking services represent mainly brokerage commission which is recognised on a trade date basis when the relevant transactions are executed. During the Track Record Period and as at the Latest Practicable Date, our securities brokerage commission rate typically ranges from 0.1% to 0.25% of the transaction value (subject to a minimum charge of HK\$100 for each transaction). Please refer to the paragraph headed “Commission Rate, Interest Rate and Service Fee” in this section for details. For the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, the commission income from our securities broking services was approximately HK\$29.4 million, HK\$39.2 million, HK\$50.8 million and HK\$61.9 million, respectively, accounting for approximately 68.1%, 62.2%, 58.1% and 49.8%, respectively of the total revenue from our broking services. The commission income generated from the Referred Accounts is subject to sharing between the responsible account executives (either Self-Employed AEs or Staff AEs) and our Group at an agreed percentage that varies with each Referred Account. The percentage is based on negotiations between the account executive and our Group and determined on a case-by-case basis after taking into account factors, including the client’s transaction histories, trading volumes and frequencies, financial positions and the prevailing market commission rates. Our Group has a policy to retain at least a minimum percentage or amount of the securities brokerage commission. Securities brokerage commission incomes generated from the House Accounts are completely attributed to our Group, because the Staff AEs, who are principally responsible for serving the House Accounts, are not entitled to securities brokerage commission sharing. Our Directors and account executives (both Self-Employed AEs and Staff AEs) are not entitled to receive any securities brokerage commission for trading on their own account.

We paid approximately HK\$9.0 million, HK\$12.7 million, HK\$15.7 million and HK\$17.1 million of commission expense to our account executives (both Self-Employed AEs and Staff AEs) in respect of Referred Accounts for our securities broking business during the Track Record Period, respectively.

As at 31 March 2013, 2014 and 2015 and 30 November 2015, our Group had a total of 20,396, 20,599, 20,879 and 21,261 securities trading accounts (including online-securities trading accounts), respectively, of which 2,982, 3,132, 3,237 and 3,396 were active accounts, respectively, being clients whose accounts recorded at least one trading activity (for purchase and/or sale of securities, broking transaction) in the past twelve months. These active accounts include 2,316, 2,432, 2,515 and 2,566 cash accounts and 666, 700, 722 and 830 margin accounts, respectively, among which 2,609, 2,811, 2,895 and 2,963 were Referred Accounts and the remaining 313, 321, 342 and 433 were House Accounts, respectively.

### *(b) Futures and Options Broking Services*

We provide futures and options broking services to our clients for trading in the futures and options traded on the Futures Exchange, such as HSI futures and options, and mini-HSI futures and options.

Our clients have to maintain a futures and options trading account with us before placing any trade orders. Trade orders from our clients are usually placed through telephone or the online trading platform via our website. All trade orders placed by our clients are managed and executed by our account executives including both Staff AEs and Self-Employed AEs. Both groups of account executives are responsible for introducing clients and business leads, and carrying out sales and dealing procedures, while the kind of trading accounts that each type of account executives handles are different. We have designated certain trading accounts as House Accounts. When clients are sourced by Staff AEs or Self-Employed AEs, those clients’ trading accounts are classified as Referred Accounts. Our Staff AEs serve and manage both House Accounts and their own portfolio of Referred Accounts, whereas our Self-Employed AEs only serve their own portfolio of Referred Accounts. Our Directors consider that by engaging

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Self-Employed AEs, which is in line with common industry practice, it enables our Group to broaden our business network and reach out to more potential clients while minimising fixed staff costs since they are not entitled to any fixed monthly salary.

The commission income generated from the Referred Accounts is subject to sharing between the responsible account executives (either Self-Employed AEs or Staff AEs) and our Group at an agreed percentage that varies with each Referred Account. The percentage is based on negotiations between the account executive and our Group and determined on a case-by-case basis after taking into account factors, including the clients' transaction histories, trading volumes and frequencies, financial positions and the prevailing market commission rates. Our Group has a policy to retain at least a minimum percentage or amount of the securities brokerage commission. Securities brokerage commission incomes generated from the House Accounts are completely attributed to our Group, because the Staff AEs, who are principally responsible for serving the House Accounts, are not entitled to securities brokerage commission sharing. Our Directors and account executives (both Self-Employed AEs and Staff AEs) are not entitled to receive any securities brokerage commission for trading on their own account.

The revenue generated from our futures and options broking represents mainly brokerage commission received which is recognised on a trade date basis when the relevant transactions are executed. For the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, the brokerage commission income from our futures and options broking was approximately HK\$3.1 million, HK\$4.5 million, HK\$4.0 million and HK\$4.2 million respectively, accounting for approximately 7.2%, 7.1%, 4.6% and 3.4%, respectively, of the total revenue from our broking services.

We paid approximately HK\$1.1 million, HK\$1.8 million, HK\$1.6 million and HK\$1.7 million of commission expenses to our account executives (both Self-Employed AEs and Staff AEs) in respect of Referred Accounts, for our futures and options broking business during the Track Record Period, respectively. During the Track Record Period and as at the Latest Practicable Date, our futures and options brokerage commission rates for each contract range from HK\$15 to HK\$112.50. Please refer to the paragraph headed "Commission Rate, Interest Rate and Service Fee" in this section for details.

As at 31 March 2013, 2014 and 2015, our Group had a total of 915, 916 and 924 futures and options accounts, respectively, of which 76, 74 and 64 were active futures and options clients, respectively, being clients whose accounts recorded at least one trading activity whose accounts have recorded open and/or close position of futures contract transactions in the past twelve months. Among which 69, 66 and 56 were Referred Accounts and the remaining 7, 8 and 8 were House Accounts, respectively. As at 30 November 2015, our Group had a total of 936 futures and options accounts of which 75 were active futures and options accounts, among which 64 were Referred Accounts and 11 were House Accounts.

In recent years, while the price competition on brokerage commission among the securities firms had resulted in the decrease of commission rates in the overall market, this phenomenon has not caused any material adverse impact on our Group as we do not participate in the price competition, nor do we offer plans, such as monthly-fixed-charge plans or commission ceiling plans, but instead we target a niche market segment of high-net-worth individuals by offering quality and personal client services.

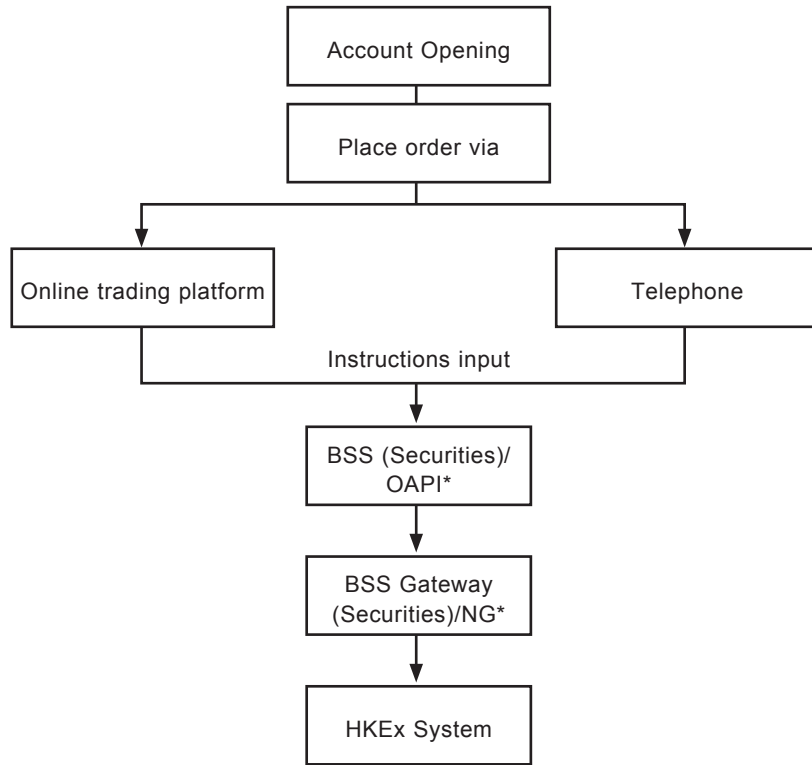
According to our Directors, some clients would, based on their past trading record and financial position, estimate their future trading volume and may make request for a fee lower than the amount that would have been charged at an ad valorem brokerage commission rate, and we may agree to such request should we consider the discount acceptable and financially viable having weighed the need to continue to retain these clients.

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The flowchart below illustrates the securities, futures and options dealing procedures of our Group's broking services:



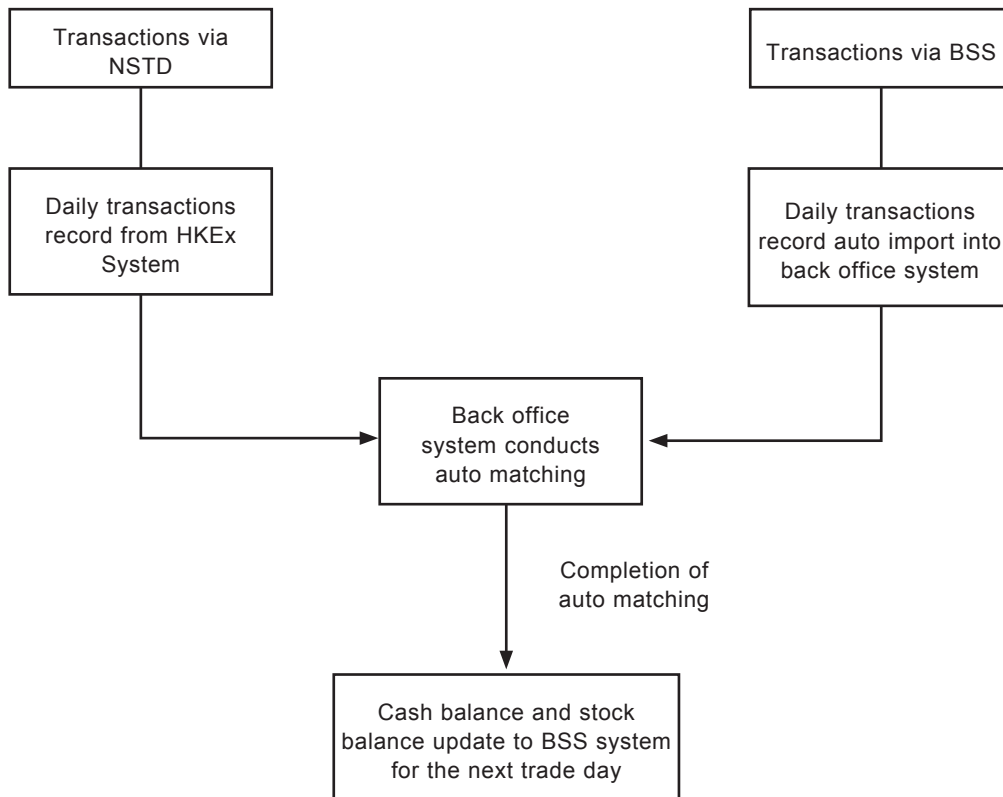
\* *Futures and options dealing procedures of the broking services*

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The flowchart below illustrates our back office system and settlement procedures for our Group's securities, futures and options broking:



Our IT personnel are responsible for monitoring the operation of the website and coordinating with the trading system software vendors for maintenance and operational support. During the Track Record Period, our trading infrastructure was stable and there were no interruptions to the website system. For risks associated with our Group's internet trading operations, please refer to the section headed "Risk Factors" in this prospectus. During the Track Record Period, our Group engaged two IT vendors which are responsible to facilitate the operation of our trading platform and settlement systems and to ensure the speed and stability of trading. These IT vendors also provide maintenance and support services for the trading platform and settlement systems.

### *(c) Placing and Underwriting Services*

We provide underwriting, sub-underwriting, placing and sub-placing services for the securities that are listed or to be listed on the Stock Exchange, in transactions such as IPOs, rights issues, open offers and other fundraising exercises. We are generally engaged by listed issuers as a placing agent or other securities firms as a sub-placing agent to place equity and debt securities listed on the Stock Exchange as well as unlisted debt securities and warrants. Additionally, we are also engaged as placing agents for shareholders of listed companies for the placement of bulk volume of securities in the secondary market. The placing and underwriting commission rates are subject to negotiation on a case-by-case basis with the listed issuer or company concerned and is generally in line with market practice. We generally charge a percentage of the fundraising size based on the prevailing market rate and with reference to, among other matters, the size of our underwriting or placing commitment, the general market sentiment and our role and bargaining power against the relevant listed issuer or company.

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During the Track Record Period, our underwriting or sub-underwriting services were conducted on a fully underwritten basis, whereby we were obliged under our underwriting commitment to subscribe (or procure subscribers to subscribe) at an agreed price any portion of the commitment of which had not been met by others on or before a designated date. We have also been participating in placing or sub-placing activities to place a number of securities at an agreed price within a period of time. Depending on the terms of the particular placing document, the placing activities can either be on a fully underwritten basis or on a best effort basis. The table below sets out the underwriting and placing services provided by us during the Track Record Period:

Types of fundraising exercise	Role	Year ended 31 March			Eight months ended 30 November
		2013	2014	2015	2015
IPOs	Sub-placing agent	–	3	–	1
Placing of new shares	Placing agent	3	3	5	9
	Sub-placing agent	2	3	2	5
Placing of existing shares	Placing agent	–	1	3	2
	Sub-placing agent	–	–	1	–
Rights issue	Underwriting agent	1	–	3	4
	Sub-underwriting agent	1	–	4	1
Placing of debt securities	Placing agent	–	1	–	1
	Sub-placing agent	1	1	–	–
Open offer	Sub-placing agent	–	1	–	–
	Underwriting agent	–	–	1	1
Total no. of placing and underwriting exercises		<u>8</u>	<u>13</u>	<u>19</u>	<u>24</u>

The commission income from the placing and underwriting services for the years ended 31 March 2013, 2014 and 2015 were approximately HK\$7.4 million, HK\$8.4 million and HK\$12.3 million, accounting for approximately 17.0%, 13.3% and 14.0% of the total broking services income, respectively. For the eight months ended 30 November 2014 and 2015, the commission income from the placing and underwriting services were approximately HK\$9.9 million and HK\$34.9 million, accounting for approximately 17.2% and 28.0% of the total broking services income, respectively.

#### (d) Proof of Funds Services

We provide proof of funds services to our clients relating to the Takeovers Code, particularly providing irrevocable standby facilities to an offeror in respect of the offeror's general offer obligations under the Takeovers Code during the offer period. We will charge a non-refundable upfront fee as a retainer in providing our proof of funds services. The upfront fee for the proof of funds services is generally determined based on the size of the funds, the duration of the offer period, the nature of the underlying securities being pledged, the percentage of total shareholdings being pledged and our Group's prior business relationships with the clients. The amount of proof of funding in a typical transaction that we have provided during the Track Record Period and up to the Latest Practicable Date ranges from between approximately HK\$100.0 million to HK\$580.0 million. As at the year ended 31 March 2015, we have been engaged for a total of three proof of funds services transactions. For the years ended 31 March 2013, 2014 and 2015, our upfront fee income was nil, nil and HK\$10.9 million, respectively, accounting for nil, nil and approximately 12.4% of the total revenue generated from our broking services. For the eight months ended 30 November 2015, our upfront fee income was HK\$10.2 million, accounting for approximately 8.2% of the total revenue generated from our broking services.

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### (ii) Securities Margin Financing Services

Our Group also provides securities margin financing services to our clients through Get Nice Securities. Under this business segment of our Group, we provide margin loans to our clients who would like to purchase securities on the secondary market or apply for shares in connection with IPOs for selected cases approved by our Responsible Officers. Our securities margin financing services offer funding flexibility to our clients by assisting them to leverage their investments. During the Track Record Period, we generated almost all of our interest income from margin loans to our clients for them to purchase securities on the secondary market and this formed the majority of our Group's revenue. The table below sets out the interest income we generated from securities margin financing from the purchase of securities on the secondary market and IPOs during the Track Record Period:

	Year ended 31 March						Eight months ended 30 November			
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Secondary market .....	114,573	100.0	133,073	100.0	200,936	100.0	120,310	100.0	221,320	100.0
IPOs .....	-	-	27	0.0	45	0.0	-	-	197	0.0
Total .....	<u>114,573</u>	<u>100.0</u>	<u>133,100</u>	<u>100.0</u>	<u>200,981</u>	<u>100.0</u>	<u>120,310</u>	<u>100.0</u>	<u>221,517</u>	<u>100.0</u>

Clients who wish to obtain securities margin financing from our Group, have to maintain a margin account with us. Each securities margin account opening application is subject to the approval of our Responsible Officer who must be a member of our credit committee (of which depending on the size of margin loan limit, more than one credit committee member's approval is required), and if approved, our client will be granted a margin limit, based on a number of factors, such as his/her past trading and settlement record, financial standing, portfolio concentration level of the client as against that of our Group as well as the liquidity and price volatility of the individual stocks in his/her portfolio. We monitor the margin limits of our clients on a regular basis. To ensure that our clients' margin limit is not excessive, we may reduce the margin limit of our clients if there have been subsequent adverse changes to any of the factors that we consider to be relevant, for example, at times of high market volatility or when the financial standing of our clients deteriorates. The margin limit may only be used by our clients provided that no margin call has been made. Our five largest customers during the Track Record Period are also our five largest customers of our margin financing business. For revenue contribution of our five largest customers during the Track Record Period, please refer to the paragraph headed "Clients – Five largest clients during the Track Record Period" in this section of this prospectus.

All securities margin financing facilities extended to clients are secured by pledge of listed equity securities acceptable to our Group. We lend up to 80% of the value of pledged blue-chip securities, i.e. securities of companies listed on the Hong Kong Stock Exchange which are constituents of HSI, and 10% to 80% of the value of other approved securities depending on the quality, liquidity and market capitalisation of the individual stock. The list of approved securities is determined and reviewed by our Responsible Officers from time to time, based on their assessment of the underlying company's fundamentals, the price performance and liquidity, the industry outlook, the prevailing market conditions, and concentration limits in respect of related securities. It is our Group's policy not to provide securities margin financing for securities listed on the GEM Board of the Stock Exchange, warrants and A-shares. The management of our Group has implemented appropriate credit control procedures and taken steps to minimise the concentration of margin loans and stocks. The Directors believe that the existing policy is adequate to minimise credit risk. As at 31 March 2013, 2014 and 2015, the loan-to-value ratio of our Group, as determined by the margin loan balance as at the end of the relevant year or period over the market value of the securities pledged to our Group as at the end of the relevant year or period, was approximately 37.3%, 28.0% and 18.8%, respectively. As at 30 November 2015, the loan-to-value ratio of our Group was approximately 19.9%.



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The interest rates of margin loans charged by our Group during the Track Record Period and up to the Latest Practicable Date typically ranged from Hong Kong Prime Rate +2% (approximately 7.2%) to Hong Kong Prime Rate + 4.45% (approximately 9.45%) and in some cases the rate may go up to 18% per annum. The average interest rates charged by our Group during the Track Record Period ranged from 8.11% to 10.16% (The average interest rates are calculated by dividing the actual interest income by the monthly average outstanding margin loan balance. For further details, please refer to the section headed “Financial Information – Description of selected items of our combined statements of profit or loss – Revenue” in this prospectus). These interest rates are determined with reference to the credit standing of the relevant clients and the quality of the securities pledged and/or other collaterals given. It is our Group’s business strategy to maintain a high margin loan level to generate stable interest income for its operations. As at 31 March 2013, 2014 and 2015, the margin accounts maintained with our Group had a total outstanding margin loan balance of approximately HK\$1.4 billion, HK\$1.8 billion and HK\$3.0 billion, respectively and as at 30 November 2015, the margin accounts maintained with our Group had a total outstanding margin loan balance of approximately HK\$3.6 billion. For the years ended 31 March 2013, 2014 and 2015, our margin financing business generated interest income of approximately HK\$114.6 million, HK\$133.1 million and HK\$201.0 million, respectively, representing approximately 72.4%, 67.7% and 69.2% of our Group’s total revenue, respectively. For the eight months ended 30 November 2014 and 2015, our margin financing business generated interest income of approximately HK\$120.3 million and HK\$221.5 million, respectively, representing approximately 67.2% and 63.6% of our Group’s total revenue, respectively.

The table below sets out an analysis of the total outstanding margin loan balances in our Group’s securities margin accounts for each of the three years ended 31 March 2013, 2014 and 2015 and eight months ended 30 November 2014 and 2015:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(unaudited)</i>	HK\$'000
Total outstanding margin loan balance					
in our Group’s securities margin accounts					
– Monthly average balance . . . . .	1,412,080	1,570,060	2,189,860	1,993,120	3,269,766
– Highest month end balance . . . . .	1,436,663	1,806,946	2,998,497	2,193,115	3,560,769
– Lowest month end balance . . . . .	1,360,422	1,321,826	1,808,508	1,808,508	2,800,108
Margin loan balance as at the					
relevant year/period end . . . . .	1,426,683	1,762,642	2,998,497	2,193,115	3,560,769
Market value of the securities					
pledged to our Group as at					
the relevant year/period end . . . . .	3,820,025	6,301,292	15,915,005	13,889,249	17,865,252

The table above reflects general decreasing trend of our Group’s loan-to-value ratio during the Track Record Period and this is mainly attributable to, among others, (i) the effect of an increase in market value of the stocks held by our Group’s margin clients during the Track Record Period that significantly outweighed the increase in average margin loan granted to the clients as shown as per the margin loan balance at each of the relevant year end in the table above; and (ii) the adoption of a more prudent approach to manage credit risk by lowering loan-to-value ratio in response to the increase in average margin loan size during the Track Record Period.

Our Group’s highest loan-to-value ratio during the Track Record Period was approximately 40.4%. This is based on the margin loan balance against the market value of securities pledged to our Group as collateral as determined at the month end date of each respective month during the Track Record Period.

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The table below sets out a breakdown of the nature of stocks that were pledged by our clients to secure their margin loans with our Group as at the dates indicated:

	As at 31 March		As at 30 November	
	2013	2014	2015	2015
	%	%	%	%
Blue chip securities (Note) .....	3.4	2.5	1.5	1.1
Securities of Hong Kong listed companies with market capitalisation of HK\$1 billion or above that are not blue chip securities .....	73.3	68.8	83.1	88.8
Securities of Hong Kong listed companies with market capitalisation of less than HK\$1 billion and others .....	23.3	28.7	15.4	10.1
Total .....	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

*Note:*

*Blue chip securities mean those listed securities that are HSI constituent stocks.*

As at 31 March 2013, 2014 and 2015 and 30 November 2015, the stocks that were pledged by our clients to our Group to secure their margin loans were mainly non-blue chip securities of Hong Kong listed companies with market capitalisation of HK\$1 billion or above. The percentage of blue chip securities in the stocks that were pledged by our clients to our Group to secure their margin loans as at 31 March 2013, 2014 and 2015 and 30 November 2015 was approximately 3.4%, 2.5%, 1.5% and 1.1%, respectively, whereas the percentage of non-blue chip securities of Hong Kong listed companies with market capitalisation of HK\$1 billion or above as at 31 March 2013, 2014 and 2015 and 30 November 2015 represented approximately 73.3%, 68.8%, 83.1% and 88.8%, of the stocks that were pledged by our clients to our Group to secure their margin loans, respectively. For risks associated with the nature of stocks that are pledged to our Group by our clients, please refer to the section headed “Risk factors – Risks relating to business and operations of our Group – The stocks that are pledged to our Group by our clients to secure their margin loans are mainly Hong Kong listed non-blue chip securities” in this prospectus for details.

During the Track Record Period, the margin loans provided by our Group to our clients were largely financed by the advances from GN Holdings, our internal resources and only a very small portion by banking facilities granted to our Group with securities pledged by clients in turn to be re-pledged by us to our financiers. During the Track Record Period, our Group has not experienced any difficulties in obtaining the required credit facilities from the banks.

The Shareholder’s Loan due to GN Holdings as at 30 November 2015 was approximately HK\$2,430 million, which will be settled before the Listing in the following ways: (i) HK\$1,000 million will be repaid in cash, of which HK\$975 million and HK\$25 million will be funded from short term external bank borrowings and our internal resources, respectively; (ii) further set off by the entire amount due from GN Holdings as at the date of the set-off; and (iii) the remaining balance will be capitalised under the Loan Capitalisation Issue.

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Our Group has arranged HK\$975 million of external borrowings to repay the Shareholder's Loan. The table below sets out the details our Group's external borrowings:

Type and Amount of Loan	Bank	Interest Rate	Duration	Collateral	Other Fees
Revolving Loan of HK\$120 million ("RL 1")	Bank A	HIBOR + 2% per annum based on 1 week tenor	No fixed term but subject to Bank A's overriding right of repayment on demand	Charge over our property which had a carrying value of HK\$112.5 million as at 30 November 2015	A combined non-refundable fee of HK\$470,000 for RL 1 and RL 2  A commitment fee of 0.5% per annum each on the daily undrawn balance of RL 1 if the average utilization rate of the facility over a 12 month period is below 40% of the RL 1 loan limit commencing on the date of RL 1 being available
Revolving Loan of HK\$350 million ("RL 2")	Bank A	HIBOR + 2% per annum based on 1 week tenor	No fixed term subject to Bank A's overriding right of repayment on demand	Charge over our pledged securities repledged by our Group as maybe approved by Bank A at a margin prescribed by Bank A from time to time at the sole discretion of Bank A but the aggregate outstanding amount from RL 2 must not exceed 70% of the total market value of the shares pledged	A combined non-refundable fee of HK\$470,000 for RL 1 and RL 2  A commitment fee of 0.5% per annum each on the daily undrawn balance of RL 1 if the average utilisation rate of the facility over a 12 month period is below 40% of the RL 1 loan limit commencing on the date of RL 1 being available
Revolving Loan of HK\$100 million ("RL 3")	Bank B	HIBOR + 1.85% per annum based on 1 week tenor	Not fixed but applications made after 30 September 2016 to use RL 3 will not normally be considered by Bank B	Charge on locally listed shares on the Stock Exchange under the pre-approved list of Bank B	N/A

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Type and Amount of Loan	Bank	Interest Rate	Duration	Collateral	Other Fees
Revolving Loan of HK\$50 million ("RL 4")	Bank C	Bank C's cost of fund + 1% per annum based on 1 week tenor	No fixed term but subject to Bank C's overriding right of repayment on demand	Charge over clients' pledged securities repledged by our Group as maybe approved by Bank C at a margin prescribed by Bank C from time to time at the sole discretion of Bank C	N/A
Revolving Loan of HK\$80 million ("RL 5")	Bank D	HIBOR + 1.85% per annum based on 1 week tenor	No fixed term but subject to Bank D's overriding right of repayment on demand	Charge over clients' pledged securities repledged by our Group as maybe approved by Bank D at a margin prescribed by Bank D from time to time at the sole discretion of Bank D	N/A
Unsecured Term Loan of HK\$200 million ("TL 1")	Bank E	The higher of HIBOR + 1.7% Bank E's or cost of Funds + 0.6% per annum	All outstanding principal, accrued interests and any other monies owing under TL 1 shall be repaid in full (i) on 31 March 2016 or (ii) on the date of the listing of our Shares on the Stock Exchange	N/A	Non-refundable handling fee of HK\$300,000
Unsecured Term Loan of HK\$75 million ("TL 2")	Bank F	2.34% per annum	One year from the day since TL 2 is drawn	N/A	N/A

The above described bank borrowings will be used to repay the Shareholder's Loan prior to the Listing.

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Our growth in the Track Record Period was largely attributable to the interest-free financing of our Controlling Shareholder and therefore it may not be a useful indicator of our means of financing. Immediately after the repayment of the Shareholder's Loan, all of our banking facilities will be fully drawn. However, our Directors believe that after the Listing, we are able to finance the long term growth of the securities margin financing business without support of GN Holdings because (i) the Spin-off will allow our Group to establish a higher profile as a separate listed entity with the ability to access the debt and equity capital markets to fund the development and expansion of our business; (ii) it provides flexibility and a more diversified funding source for our Group to finance our existing operations and to support our growth through continuing organic expansion as well as acquisitions; (iii) the Spin-off will significantly increase our net assets as a result of the Loan Capitalisation Issue and Global Offering thereby forming a much stronger financial position that will be beneficial to obtain different form of external financing for business expansion, including but not limited to issue of bonds and arranging long term syndicated loans as well as increasing credit limit from existing banking facilities; (iv) we plan to use approximately HK\$210.0 million of the net proceeds derived from the Global Offering to expand our securities margin financing business (please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus); and (v) our Group constantly maintains considerable amount of cash on hand (at each of the year end of the Track Record Period, our Group had cash on hand ranging from HK\$135.1 million to HK\$512.6 million i.e. average balance of HK\$245.0 million) which may be applied to expand our securities margin financing business when our Board considers necessary and appropriate.

All the margin accounts are monitored by our Responsible Officers, compliance manager and the relevant account executives by reviewing our internal daily reports which highlight, among others, the closing prices of the relevant pledged securities. However, during periods of high market volatility, or for individual securities having unusual price movements, securities values are monitored even more closely by reviewing intra-day prices. Such close monitoring aims to assess whether any appropriate actions need to be taken, which may include reducing the margin limit of a client and making a margin call requesting the client to deposit additional funds. The credit officers of our Company are responsible for reviewing the balance and margin status of our clients' margin accounts on a daily basis and an initiation of a margin call will arise, among others, when the loan-to-value ratio of a margin account is greater than 70%.

In the event that a client fails to settle any shortfall after the second margin call, the client's pledged securities may be sold in the market after due notification to repay the amount due. For details of our margin call procedures, please refer to the paragraph headed "Current Internal Control Procedures – Risk management – (i) Credit risk – (C) Margin call procedures" in this prospectus. Should any outstanding balance remain unpaid following the sale of the pledged securities and further recovery efforts, our Directors having considered the financial condition and repayment records of the client and the general economic conditions, would then make full provision against the amount due. When our Directors consider that the chance of debt recovery is remote, the outstanding debt may, depending on a case-by-case basis, be written off. With regard to the Referred Accounts, should there be any outstanding balance remaining unpaid following the sale of the pledged securities and further recovery efforts, the unpaid balance will be borne by the relevant account executive.

We have recorded a net impairment loss in respect of loans to our margin clients of approximately HK\$0.8 million and HK\$1.7 million for the years ended 31 March 2013 and 2014, respectively. We have a net reversal of impairment loss in respect of loans to our margin clients of approximately HK\$3.0 million for the year ended 31 March 2015. For the eight months ended 30 November 2015, we have recorded a net impairment loss in respect of loans to our margin clients of approximately HK\$3.1 million.

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### **(iii) Corporate Finance Advisory Services**

Our corporate finance advisory services are undertaken by Get Nice Capital and Get Nice Securities. Under this business segment of our Group, we focus on providing financial advisory services to listed issuers and private companies regarding matters, such as (i) advising on transaction or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; and (ii) giving opinions or recommendations to the independent board committee and the independent shareholders of the listed issuers in the capacity of independent financial advisers.

In our role as appointed financial advisers, we generally give advice to our clients on the deal structure and the impact of various proposed transactions under the relevant rules and regulations including the Listing Rules, the GEM Listing Rules and the Takeovers Code. We also assist in the preparation of announcements, circulars and other documents as required for the proposed transactions and liaise with the authorities in respect of the proposed transactions. During the Track Record Period, we acted in five joint financial adviser roles and twelve financial adviser roles relating to mandatory conditional cash offers, open offers, a rights issue and placing of new shares.

In our role as appointed independent financial advisers, we conduct reviews and analysis on the proposed transactions, assess the fairness and reasonableness on the terms of the proposed transactions and issue letters of advice setting out our basis and grounds to recommend the independent board committee and independent shareholders on how to vote on relevant resolutions proposed at the shareholders' meetings. During the Track Record Period, we acted in seven independent financial adviser roles to advise our clients on different transactions, including connected transactions, continuing connected transactions and the renewal of general mandates.

Our corporate finance advisory fees are determined on a case-by-case basis with reference to the scope of our work in the engagement, the nature of the transaction, the complexity of the transaction, and the expected time required for the matter. For the years ended 31 March 2013, 2014 and 2015, the advisory fee income derived from our Group's corporate finance advisory business was approximately HK\$0.5 million, HK\$0.4 million and HK\$2.0 million, respectively, representing approximately 0.3%, 0.2% and 0.7% of our Group's total revenue, respectively and for the eight months ended 30 November 2014 and 2015, the advisory fee income derived from our Group's corporate finance advisory business was approximately HK\$1.5 million and HK\$2.5 million, respectively, representing approximately 0.9% and 0.7% of our Group's total revenue, respectively.

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### COMMISSION RATE, INTEREST RATE AND SERVICE FEE

The table below sets out the different categories of our charging basis, in relation to our Group's principal business segments during the Track Record Period:

	Year ended 31 March			Eight months ended 30 November
	2013	2014	2015	2015
<b>Securities Brokerage Services</b>				
Securities brokerage commission . . . . .	Commission rates typically ranged from 0.1% to 0.25% of the transaction value, subject to a minimum charge of HK\$100 for each transaction			
<b>Futures and Options Brokerage Services</b>				
Futures and options brokerage commission				
<b>HSI futures and options</b>				
Day trade – each executed transaction . . . . .	HK\$72.50	HK\$72.50	HK\$72.50	HK\$72.50
Overnight trade – each executed transaction . . . . .	HK\$112.50	HK\$112.50	HK\$112.50	HK\$112.50
<b>Mini-HSI futures and options</b>				
Day trade – each executed transaction . . . . .	HK\$15.00	HK\$15.00	HK\$15.00	HK\$15.00
Overnight trade – each executed transaction . . . . .	HK\$25.00	HK\$25.00	HK\$25.00	HK\$25.00
<b>H-Shares future and options</b>				
Day trade – each executed transaction . . . . .	HK\$72.50	HK\$72.50	HK\$72.50	HK\$72.50
Overnight trade – each executed transaction . . . . .	HK\$112.50	HK\$112.50	HK\$112.50	HK\$112.50
<b>Placing and Underwriting Services</b>				
Underwriting or placing commission . . . . .	1% to 3%	1% to 2.5%	0.5% to 3.8%	0.5% to 3%
<b>Proof of Funds Services</b>				
Upfront fees	N/A	N/A	Determined on a case-by-case basis	Determined on a case-by-case basis
<b>Securities Margin Financing Services</b>				
Margin financing interest . . . . .	Typically ranged from Hong Kong Prime Rate plus 2% to Hong Kong Prime Rate plus 4.45% but in some cases, the rate may go up to 18% per annum			
<b>Corporate Finance Advisory Services</b>				
Advisory fee	Determined on a case-by-case basis with reference to the scope of our work in the engagement, the nature of the transaction, the complexity of the transactions, and the expected time involved			

### CLIENTS

The major clients of our broking business and securities margin financing business comprise retail investors in Hong Kong. The major clients of our placing and underwriting business comprise the companies listed or to be listed on the Stock Exchange, shareholders of the companies listed on the Stock Exchange or securities firms which act as the main placing agents or underwriters. The major clients of our proof of funds business and corporate finance advisory business are the listed issuers on the Stock Exchange and the investors who plan to acquire the controlling stake of the listed issuers on the Stock Exchange, respectively.



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### Five Largest Clients during the Track Record Period

The tables below set out certain information of our five largest clients during the Track Record Period:

(a) Year ended 31 March 2013

Rank	Client's name	Background of the client	Type of service provided	Income contributed <i>HK\$'000</i>	% of total revenue	Years of relationship with our Group
1.	Client A	Individual investor	Securities broking and securities margin financing	10,493	6.6	15
2.	Client B	Individual investor	Securities broking and securities margin financing	9,338	5.9	15
3.	Client C	Corporate investor	Securities broking and securities margin financing	8,639	5.5	8
4.	Client D	Corporate investor	Securities broking and securities margin financing	7,812	4.9	7
5.	Client E	Individual investor	Securities broking and securities margin financing	7,050	4.5	7
Total				<u>43,332</u>	<u>27.4</u>	

(b) Year ended 31 March 2014

Rank	Client's name	Background of the client	Type of service provided	Income contributed <i>HK\$'000</i>	% of total revenue	Years of relationship with our Group
1.	Client A	Individual investor	Securities broking and securities margin financing	11,617	5.9	15
2.	Client C	Corporate investor	Securities broking and securities margin financing	10,954	5.6	8
3.	Client D	Corporate investor	Securities broking and securities margin financing	10,000	5.1	7
4.	Client B	Individual investor	Securities broking and securities margin financing	9,250	4.7	15
5.	Client F	Corporate investor	Securities broking and securities margin financing	7,478	3.8	8
Total				<u>49,299</u>	<u>25.1</u>	

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(c) Year ended 31 March 2015

Rank	Client's name	Background of the client	Type of service provided	Income contributed <i>HK\$'000</i>	% of total revenue	Years of relationship with our Group
1.	Client G	Individual investor	Securities broking and securities margin financing	11,457	3.9	1
2.	Client D	Corporate investor	Securities broking and securities margin financing	11,225	3.9	7
3.	Client C	Corporate investor	Securities broking and securities margin financing	9,771	3.4	8
4.	Client B	Individual investor	Securities broking and securities margin financing	9,631	3.3	15
5.	Client A	Individual investor	Securities broking and securities margin financing	7,814	2.7	15
Total				<u>49,898</u>	<u>17.2</u>	

(d) Eight months ended 30 November 2015

Rank	Client's name	Background of the client	Type of service provided	Income contributed <i>HK\$'000</i>	% of total revenue	Years of relationship with our Group
1.	Client H	Corporate investor	Securities broking and securities margin financing	12,289	3.5	1
2.	Client I	Individual investor	Securities broking and securities margin financing	10,151	2.9	1
3.	Client B	Individual investor	Securities broking and securities margin financing	9,663	2.8	15
4.	Client J	Corporate investor	Securities broking and securities margin financing	9,295	2.7	1
5.	Client K	Corporate investor	Securities broking and securities margin financing	9,134	2.6	2
Total				<u>50,532</u>	<u>14.5</u>	

None of our Directors, chief executives, or any person who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company or any of its subsidiaries, or any of their respective associates, had any interest in any of our five largest clients during the Track Record Period. All of our five largest clients are Independent Third Parties.

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### Staff Dealing

Pursuant to paragraph 12.2 of the Code of Conduct (the Code of Conduct for Persons Licensed by or Registered with SFC issued by the SFC from time to time), staff members of our Group (which, for the purpose of staff dealing, includes our Self-Employed AEs) are, in accordance with our policy, allowed to perform securities, futures or options trading through their trading accounts opened with our Group, provided that prior approvals from the management are obtained for each of the transactions. Except for the transactions disclosed in note 36 to the Accountants' Report set out in Appendix I to the prospectus in relation to related party transactions, the revenue derived from brokerage commission income received from staff dealings (including all connected persons) through our Group during each of the three years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, was approximately HK\$4.8 million, HK\$6.3 million, HK\$5.1 million and HK\$5.4 million, respectively, all of which were charged within the range of securities brokerage commission rates applicable to our external clients. For further details of dealings by connected persons to our Company, please refer to the section headed "Connected Transactions" in this prospectus.

### SUPPLIERS

Due to the nature of our principal business activities, we have no major suppliers. We have entered into agreements with various computer system vendors, pursuant to which Get Nice Securities and Get Nice Futures are licensed to use the vendors' system for our trading platform and the provision of our online trading service. The computer system vendors also provide maintenance and support services for the system. The computer system vendors charge a maintenance fee of approximately HK\$2.7 million, HK\$2.5 million and HK\$2.2 million annually for its support and maintenance services during the Track Record Period, respectively. For the eight months ended 30 November 2015, our computer system vendors charged us a maintenance fee of approximately HK\$2.3 million.

None of our Directors, chief executives, or any person who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company or any of its subsidiaries, or any of their respective associates, had any interest in any of our major suppliers during the Track Record Period.

### SALES AND MARKETING

Our sales and marketing activities include sourcing of new clients, opening client accounts and handling client enquiries. Our general sales and marketing strategy focuses on maintaining a long term client relationship and building up client loyalty. As at 30 November 2015, a majority of our clients whose accounts recorded at least one trading activity (for purchase and/or sale of securities, broking transaction) in the past twelve months have been with our Group for more than seven years.

Sales and marketing of our broking services and securities margin financing services is generally performed by our senior management and account executives. Each account executive is responsible for a portfolio of clients whom he or she serves personally. In general, our account executives take trade orders from clients, handle client enquiries and endeavour to execute and settle their orders efficiently. Our account executives also utilise their extensive and professional experience to provide market information regularly to clients on an ad-hoc basis depending on clients' requests and needs, such as relevant news summaries, general market trends, stock picks and historical performance of particular securities in order to maintain good business relationships and to expand networks by soliciting new clients through referrals.

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The sales and marketing team for our corporate finance advisory, placing and underwriting services is mainly led by our Directors, who maintain a good relationship with investment banks, shareholders and the management of listed issuers. We also obtain client referrals from other broking firms.

Upon the Listing, we intend to apply the net proceeds to expand our securities margin financing service. Our Group's marketing efforts will therefore emphasise our securities margin financing offering. According to our Directors, even during difficult market periods, our clients tend to have preference to trade securities with securities margin financing rather than trade with cash, in order to maintain their own liquidity. Based on the above, we believe that there will be demand for securities margin financing services.

### REGULATIONS, LICENSES AND TRADING RIGHTS

The securities market in Hong Kong is highly regulated. The principal regulatory bodies governing our business are the SFC and the Stock Exchange. Our business and our responsible personnel are subject to a number of legislations and regulation and the respective rules of the Stock Exchange, the SFC and the Listing Rules.

The tables below sets out the relevant licenses and trading rights held by our Group as of the Latest Practicable Date:

License holder	Type of license	Effective date <sup>#</sup>
Get Nice Futures <sup>1</sup>	• Type 2 (Dealing in futures contracts)	16 December 2005
	• Type 5 (Advising on futures contracts)	16 December 2005
	• Futures Exchange Participant (HKATS Customer Code: GNF)	6 March 2000
	• HKCC Participants (GN DCASS Customer Code: CGNF)	16 December 2005
Get Nice Capital <sup>2</sup>	• Type 6 (Advising on corporate finance)	6 September 2005
Get Nice Securities <sup>3</sup>	• Type 1 (Dealing in securities)	20 June 2008
	• Type 4 (Advising on securities)	20 June 2008
	• Type 6 (Advising on corporate finance)	20 June 2008
	• Type 9 (Asset management)	20 June 2008
	• Stock Exchange Participant (Participant ID: 01298)	1 April 2008
Get Nice Asset <sup>4</sup> Management	• Type 4 (Advising on securities)	16 December 2005
	• Type 9 (Asset management)	16 December 2005

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License holder	Type of license	Effective date <sup>#</sup>
eCapitalist.com	• Type 1 (Dealing in securities)	25 January 2006
	• Type 4 (Advising on securities)	25 January 2006
	• Type 9 (Asset management)	25 January 2006
Pacific Challenge Securities <sup>*5</sup>	• Type 1 (Dealing in securities)	26 April 2007
	• Type 4 (Advising on securities)	26 April 2007
	• Type 9 (Asset management)	26 April 2007

<sup>1</sup> The licensee shall not trade, on behalf of clients, in futures contracts relating to physical commodities.

<sup>2</sup> The licensee shall not hold client assets. The terms “hold” and “client assets” are as defined under the SFO. For Type 6 regulated activity, the licensee must, in the capacity as an adviser to a client on matters/transactions falling within the ambit of the Takeovers Code issued by the SFC, act together with another adviser (to the client) not subject to this condition. Further, for Type 6 regulated activity, with effect from 1 January 2007, the licensee shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities.

<sup>3</sup> For Type 6 regulated activity, the licensee shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities.

<sup>4</sup> The licensee shall not hold client assets. The terms “hold” and “client assets” are as defined under the SFO.

<sup>5</sup> For Type 9 regulated activity, the licensee shall not provide a service of managing a portfolio of futures contracts for another person. Further, for Type 9 regulated activity, the licensee shall not conduct business involving the discretionary management of any collective investment scheme. The term “collective investment scheme” is as defined under the SFO.

<sup>\*</sup> Pacific Challenge Securities is also a Stock Exchange Participant (Participant ID: 01471) but it is a non-trading participant.

<sup>#</sup> Following the implementation of the SFO on 1 April 2003, all of our Group’s License holders became deemed license corporations from 1 April 2003 up to the date stated below when our Group’s License holders received their actual license.

The above licences and trading rights of the subsidiaries of our Group have no expiry date and will remain valid unless they are suspended or revoked by the SFC or the Stock Exchange.

With respect to our securities margin financing business, under Part 2 of Schedule 5 to the SFO, Type 8 regulated activity is “securities margin financing”.

Although there is a license specifically for “securities margin financing” (Type 8 license) under the SFO, we do not require such license to carry out such regulated activity to the extent that the margin loans are provided by Get Nice Securities, a licensed corporation which is licensed for Type 1 regulated activity, in order to facilitate acquisitions or holdings of securities by its clients.

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Under the SFO, a licensed corporation shall not carry out any regulated activity unless it has no less than two Responsible Officers who are approved by the SFC in relation to the regulated activity. Save as disclosed in this prospectus, our Directors confirmed that (i) during the Track Record Period and up to the Latest Practicable Date, each of our licensed corporations had no less than two Responsible Officers carrying on each of the above four regulated activities; and (ii) each of our licensed corporations maintained the required paid-up share capital and liquid capital under the FRR in order to engage in each of the four regulated activities under the SFO during the Track Record Period and up to the Latest Practicable Date.

The table below sets out the number of Responsible Officers for each type of regulated activity of our licensed corporations as at the Latest Practicable Date:

<i>(No. of Responsible Officers)</i>	Type 1 (Dealing in securities)	Type 2 (Dealing in futures contracts)	Type 4 (Advising on securities)	Type 5 (Advising on futures contracts)	Type 6 (Advising on corporate finance)	Type 9 (Asset management)
Get Nice Futures .....	N/A	3	N/A	3	N/A	N/A
Get Nice Capital .....	N/A	N/A	N/A	N/A	2	N/A
Get Nice Securities .....	4	N/A	3	N/A	4	2
Get Nice Asset Management .....	N/A	N/A	2	N/A	N/A	2
eCapitalist.com .....	3	N/A	3	N/A	N/A	2
Pacific Challenge Securities .....	3	N/A	3	N/A	N/A	2

The table below sets out the number of Licensed Representatives for each type of regulated activity of our licensed corporations as at the Latest Practicable Date:

<i>(No. of Licensed Representatives)</i>	Type 1 (Dealing in securities)	Type 2 (Dealing in futures contracts)	Type 4 (Advising on securities)	Type 5 (Advising on futures contracts)	Type 6 (Advising on corporate finance)	Type 9 (Asset management)
Get Nice Futures .....	N/A	34	N/A	10	N/A	N/A
Get Nice Capital .....	N/A	N/A	N/A	N/A	-	N/A
Get Nice Securities .....	81	N/A	28	N/A	-	1
Get Nice Asset Management .....	N/A	N/A	-	N/A	N/A	-
eCapitalist.com .....	2	N/A	-	N/A	N/A	-
Pacific Challenge Securities .....	-	N/A	-	N/A	N/A	-

During the Track Record Period, our Group has obtained all material licenses, permits and/or certificates necessary to conduct our operations from the relevant governmental bodies in Hong Kong.

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### EMPLOYEES

Our goal is to provide employees with resources and an environment that encourages them to develop careers with us. We provide employees with on-the-job education, training and other opportunities to improve their knowledge. As at 30 November 2015, our Group had a total of 52 full-time employees in Hong Kong, the table below sets out a breakdown of our full-time employees by department as at 30 November 2015:

	<u>Number of employees</u>	<u>Percentage of total employees</u>
Management . . . . .	4	8%
Broking and securities margin financing. . . . .	27	52%
Corporate finance advisory . . . . .	1	2%
Finance, human resources and administration. . . . .	17	32%
Compliance . . . . .	1	2%
IT support . . . . .	2	4%
Total . . . . .	<u>52</u>	<u>100%</u>

In addition to the employees above, we had 63 Self-Employed AEs as at 30 November 2015.

All of our employees (other than Self-Employed AEs) are employed under employment contracts which set out the employees' responsibilities, remuneration and grounds for termination of employment etc. The remuneration packages of our employees (other than Self-Employed AEs) include salaries, statutory employment benefits, employee insurance and bonus. In general, we determine the employees' salaries based on the employees' qualification, experience, position and seniority. Our employee remuneration is assessed on an annual basis to determine whether any bonus or salary adjustments are required to be made.

We enter into employment contracts with Staff AEs, but we do not enter into employment contracts with our Self-Employed AEs. As such, our Self-Employed AEs are not entitled to any fixed monthly salaries, statutory employment benefits, employee insurance or bonuses. Save for the remuneration package and sharing of commission income as mentioned in sub-paragraph "Broking Services" under the paragraph headed "Our Business Model and Services", there is no material difference between Self-Employed AEs and Staff AEs in terms of their professional qualifications as well as licence status, wherein all of them are required to be Licensed Representatives to carry on regulated activities.

Our Directors believe that our remuneration package is competitive in the market. We have maintained a harmonious working environment and good relationships with our employees and Self-Employed AEs, and do not foresee any difficulties in the recruitment and retention of experienced staff. During the Track Record Period, there were no interruptions to our operations as a result of labour disputes or shortage of labour.

For staff training, our policy on staff dealing, and our policy on anti-money laundering/counter terrorist financing, please refer to the sub-paragraph headed "– (iii) Staff dealing" and "– (vii) Anti-money Laundering and counter-terrorist financing" under the paragraph headed "Current Internal Control Procedures – Operational Controls" in this section.



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### COMPETITION

Details of the competition that our Group currently encounters and will continue to encounter are set out in the section headed “Industry Overview” in this prospectus. Our Directors consider that the Listing will replenish the working capital of our Group, increase our overall competitiveness, help us attract new clients and retain existing clients.

### PROPERTIES

We own (i) a commercial premise in Sheung Wan, Hong Kong, which is our head office; and (ii) an unit in an industrial building in Chai Wan, Hong Kong.

### PROPERTY VALUATION

As at 30 November 2015, we had no single property with a carrying amount of 15% or more of our total assets. Accordingly, this prospectus is exempt from the requirements under the Listing Rules and the Predecessor Companies Ordinance to include a property valuation report. Pursuant to Rule 5.01A of the Listing Rules, a prospectus is exempt from the requirement if the carrying amounts of a listing applicant’s property activities and non-property activities are below 1.0% and 15.0%, respectively. A similar exemption applies under Section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, with respect to the requirement under section 342(1)(b) of the Predecessor Companies Ordinance and paragraph 34(2) of the Third Schedule to the Predecessor Companies Ordinance.

We have entered into a tenancy agreement as landlord with the Remaining Group as tenant for sharing part of the office premises on 16 March 2016. Please refer to the section headed “Connected Transactions” in this prospectus for details of the tenancy agreement.

### INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, our Group was the registered owner of the following domain name which, as considered by our Directors, is material to the business of our Group:

<u>Domain name</u>	<u>Registration date</u>	<u>Expiry date</u>
www.getnicefg.com.hk	9 September 2015	11 September 2016

Except for the abovementioned domain name, our Group does not own any other intellectual property rights.

### INSURANCE

Our Group has taken out insurance for our regulated activities for loss of client assets due to theft by employees or other fraudulent acts as stipulated in the insurance policy as required under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong). We also provide employee compensation insurance to our employees. As the major aspects of our operations have been covered by insurance, we believe that our Group has taken out sufficient insurance policies for our operations and such customary policies as necessary for the industry in which we operate. During the Track Record Period, there had not been any material insurance claims.

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### LITIGATION

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries had been engaged in any litigation or claims of material importance and no litigation or claims of material importance had been known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

### CURRENT INTERNAL CONTROL PROCEDURES

All persons registered with the SFC are required to comply with their ongoing obligation to satisfy to the SFC that they remain fit and proper to be so registered. Accordingly, certain members of our Group which are persons registered with the SFC, are required to comply with the relevant codes and regulations (such as the “Code of Conduct for Persons Licensed by or Registered with the SFC” and the “Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC”) issued by the SFC from time to time. In particular, the Code of Conduct for Persons Licensed by or Registered with the SFC requires that a licensed corporation should have internal controls in place to protect its operations, clients and other licensed or registered persons from financial loss arising from theft, fraud and other dishonest acts, professional misconduct or omissions.

We constantly collect information on the changing regulatory requirements by attending seminars and reviewing regulatory updates and enforcement news from the SFC. Furthermore, we also have policies and procedures to ensure the adequacy of our internal control procedures.

### Compliance Department

Our compliance department plays an important role in setting the standards by devising internal control policies and procedures. Our compliance department is headed by a compliance manager, whose duties include the following:

- overseeing the compliance and internal control matters of our Group, including our Group’s anti-money laundering compliance programme. For details of Mr. Chiu’s responsibilities in relation to our Group’s anti-money laundering compliance programme, please refer to the paragraph headed “Dealing Practices – (vii) Anti-money laundering and counter-terrorist financing” in this section of this prospectus;
- formulating compliance and internal control policies and advising on and monitoring the implementation of these policies;
- handling and following up on suspicious transactions;
- handling and follow up transactions which may be reported to the Joint Financial Intelligence Unit;
- analysing and reviewing relevant records on related parties/staff accounts;
- reviewing and monitoring the liquidity and working capital to ensure compliance with FRR requirement;
- handling and following up on any alleged fraudulent or illegal incident, in particular, for cases arising from our Company’s whistle blowing mechanism;
- performing regular checks on our Company’s internal control and compliance issues to ensure relevant policies and procedures are properly carried out;
- reviewing the internal control policies periodically to cope with new developments in the relevant laws and regulations;
- handling and following up on customers complaints;

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- discussing and evaluating the need for improvements in our internal control system with the Responsible Officers during regular meetings together with our operational teams based on daily operational needs; and
- keeping up to date the requirements applicable to our business and the changes in licensing as well as regulatory requirements of the SFC.

As at the Latest Practicable Date, our compliance manager was Mr. Chiu Man Chun. Mr. Chiu worked in an international accounting firm for over nine years during which he was involved in auditing a number of Hong Kong listed companies within the securities brokerage industry. During such period of Mr Chiu's employment, he has undertaken, among others, the following work scope:

- he managed audit teams for performing statutory audit and compliance assurance reporting according to the SFO in relation to Stock Exchange listed securities brokerage companies;
- he was involved in auditing transactions, trades and financial position of securities brokerage companies;
- he has experience in compliance assurance review and reporting of regulated entities in accordance with various rules under the SFO;
- he was tasked to assess the business operation, internal control and compliance issues of securities brokerage companies in connection with statutory audit and compliance assurance reporting and also provided remedial recommendations; and
- the clients whom he served with respect to the above work scope include those that operated in similar business to that of our Group.

On the basis of the above, and in addition to Mr Chiu's qualification as a member of the Hong Kong Institute of Certified Public Accountants, our Directors are of the opinion that Mr. Chiu possesses sufficient qualification and experience to act as compliance manager to our Company. Please refer to the section headed "Directors, Senior Management and Employees – Senior Management" in this prospectus for details of his background and experience.

### **Internal Control Procedures**

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

We have published and circulated to our staff a written operational and procedural manual, which contains guidelines and implementation plans formulated having regard to the "Management, Supervision and Internal Control Guidelines" published by the SFC. The procedures set out in such manual ensure our Group has the capabilities to:

- conduct business in an orderly and efficient manner;
- protect the security of the assets of our Group and our clients;
- maintain proper records and ensure reliability of financial information and other information used within and published by our Group;
- prevent and detect potential fraud; and
- comply with all applicable laws and regulatory requirements.

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The paragraphs below summarise our current internal control procedures on our major operating areas:

### **Operational Controls**

#### *Responsible Officers*

Under section 125 of the SFO, we as a licensed corporation, are required to appoint at least two Responsible Officers for each type of regulated activities, at least one of whom must be an executive director who (i) actively participates in; or (ii) is responsible for directly supervising the business of a regulated activity for which the corporation is licensed.

Responsible Officers are mainly responsible for (i) supervising daily securities/futures operations, including dealings, placing and underwriting activities; (ii) formulating, reviewing and updating the operations procedures to ensure compliance of regulatory requirements; (iii) reviewing and improving the current workflow and operation procedures; and (iv) monitoring our Company's FRR requirement and margin loan records.

All Responsible Officers of our Group are either Directors or senior management of our Group. Particulars of Responsible Officers, including their roles as Responsible Officers of our Group, are set out in the section headed "Directors, Senior Management and Employees" in this prospectus.

#### *Account Opening Procedures*

Our account executives and all our employees should take all reasonable steps to establish the true and full identity of each of their clients, in particular they should be satisfied on reasonable grounds about the identity, address and contact details of the person or entity ultimately responsible for originating the instruction in relation to a transaction and the person and entity that stands to gain the commercial or economic benefit and/or bear the commercial or economic risk of the transaction.

Our Company and the client would have to enter into a written client agreement before services are provided to the client. Our account executive should explain the terms and conditions stated in the client agreement to the client. We will also collect from the client copies of identification documents, such as identity cards, passports, address proofs, corporate documents. We require our clients to provide updated supporting documents when there are changes of any personal particulars of such clients.

All account documentation and information are approved by a Responsible Officer of our Company.

### **Dealing Practices**

#### *(i) Dealing on behalf of clients*

Our account executives should take all reasonable steps in handling of clients' orders promptly and fairly according to the clients' instructions or at the best available terms. Orders of clients should have priority over orders of the account executive's own trading account or the trading account of another licensed representative.

Our account executives should immediately time stamp records of the particulars of the instructions for any client's order. They should immediately record details of order instructions including account code, stock code, buy/sell quantity and price on the dealing sheets/tickets. A full audit trail for every order, trade and any amendments made afterwards has to be fully maintained.

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(ii) *Phone Trading*

When order instructions are received from our clients through the telephone, our account executives should use our Company's telephone recording system to record order instructions if they are in the office.

(iii) *Trading Errors*

Trading errors may be due to system or human error. It is our policy that once our account executives become aware of any trading errors, they must report it to a Responsible Officer immediately. The account executives should prepare an "error report" including the relevant transaction details, the reason for the trading error and submit it to our Responsible Officer on the same day as the error trade.

(iv) *Employee Dealings*

Upon joining our Company, an employee has to disclose all his personal and related accounts and report them to our Company. "Related accounts" includes accounts of the employees' minor children, their spouse and accounts in which the employees hold beneficial interest.

An employee is required to obtain prior written permission for personal account or related accounts dealing from a Responsible Officer of our Company and our Responsible Officer should initial on the dealing records. Employee dealings are allowed only through our Company unless the employee has received our Company's approval for an exception.

The employees accounts and related accounts dealing records are reviewed by our compliance manager to make sure they are all properly authorised. Dealings for a client should always have priority over the employees' or their related account trading activity particularly in terms of most favourable dealt price.

(v) *Handling of complaints from clients*

We place great emphasis on providing quality services to our clients. A complaint manager, who is directly responsible to the compliance manager, is assigned to receive, record, handle and report all complaints received from our clients. If any complaint is received by our account executives either verbally or in writing, they must be communicated to the complaints officer within 24 hours of receipt of such complaint. The compliance manager will then review such complaint reports to ensure that they are handled in a prompt and appropriate manner. A complaint hotline is also set up and is handled by the complaint manager. The hotline number is printed on the statement of accounts.

Our Company maintains a complaints file. The compliance manager will ensure that a full record and the action taken is maintained on the appropriate portfolio's file and in the complaints file.

(vi) *Segregation of duties and functions*

Our settlement and accounting functions are separate from our sales and dealing functions. We have a clear and independent reporting line for the staff of each of the settlement, accounting, sales, dealing and personnel functions. Staff of the compliance department of our Group will carry out regular checks and reviews on documents and activities signed and done by other employees of our Group on a monthly basis.

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*(vii) Anti-money laundering and counter-terrorist financing*

In order to detect and prevent money laundering and counter-terrorist financing activities, we have established numerous policies and procedures in compliance with relevant legal and regulatory requirements.

Our staff are required to comply with the relevant Hong Kong laws and regulations and the anti-money laundering guidelines adopted by us. Furthermore, it is our policy to record details for cash received and all cheques provided by parties other than our clients.

We have designated our compliance manager to be responsible for our Group's anti-money laundering compliance programme. He is required to:

- develop, implement and update appropriate anti-money laundering policies and procedures, including procedures for ensuring all required reports are made and all required records are maintained;
- provide ongoing training to relevant employees, including senior officers and directors;
- prepare, review and file suspicious activity reports;
- monitor the day-to-day operations and implement our anti-money laundering compliance programme; and
- report to our Board and senior management on significant compliance issues.

With reference to our anti-money laundering guidelines, our policies and procedures consist of four main components, being (a) client due diligence; (b) ongoing monitoring; (c) suspicious transaction reporting; and (d) record keeping.

*(a) Client due diligence*

To satisfy our due diligence requirement, our employees have to identify and verify identities of the beneficial owners of a securities trading account.

They do so with reference to data or information provided by a reliable and independent source.

For individual clients, we will usually request for identification documents that could verify their name, date of birth and residential address. For corporate clients, we will usually request for documents to verify their existence, authority to open the account, identity of directors and shareholders.

We will screen the account for politically exposed person (“**PEP**”) by undertaking a search at a database subscribed by us. It is our policy to require our staff to take reasonable steps to determine whether a client is a senior government official or political figure or an immediate family member. We will also match account holders from countries listed on the Financial Action Task Force (“**FATF**”) NCCT list found at <http://www.fatf.gafi.org>.

For accounts that come through an intermediary, we will perform due diligence with respect to the account or satisfy ourselves that the intermediary has performed the type of due diligence with respect to the account that would satisfy our “know-your-customer” policy.

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(b) Ongoing monitoring

Our Group periodically reviews documents, data and information relating to our clients. We also monitor activities of the clients and identify those transactions that are complex, large and unusual.

(c) Suspicious activity reporting

If any suspicious activity is noted in the “ongoing monitoring” phase, our employees have to notify the compliance manager. If there exists reasonable grounds to justify that the clients or activity are indeed suspicious, the officer shall then file suspicious activity reports (“**SARs**”) to the Joint Financial Intelligence Unit as soon as possible.

The suspicious activity reports should generally be filed within 30 days of detection of the suspicious activity.

In this respect, our compliance manager is responsible for:

- reviewing the draft SARs prepared by the relevant individual or business unit, completing and filing all SARs;
- maintaining a log of all SARs filed and copies of each SAR filed, along with any related documentation, for at least seven years; and
- reporting periodically to the senior management and our Board about the SARs filed.

(d) Record Keeping

Furthermore, we record sufficient data and information to trace individual transactions and establish a financial profile of any suspicious account or client. These records are then kept for at least six years.

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

*(viii) Information technology related controls*

We have in place an effective information security policy and rules which control our information technology infrastructure. Access controls are in place so that all users (including staff, clients and vendors of the securities/futures trading system and back-office system) are required to be authorised by our Group when accessing the system. Password policies and standards are formalised to facilitate user authentication and access control. Our computer system and information processing facilities are protected by firewalls, intrusion protection systems and anti-virus software is used to prevent and detect any potential threats by computer viruses and other malicious software. Backup procedures are also in place to ensure continuity of our Group’s operations. Our Company enters into service agreements with its third party information technology suppliers.

To ensure the stability of the online trading system and prevent any computer system breakdown in the future, we have implemented the following measures. First, all hardware components of the trading system have backup components to ensure any hardware failure can be recovered within a short period of time. Second, staff members from the Information Technology Department are responsible for closely monitoring the stability and performance of the trading system. Any issue of the trading system can be identified and rectified at an early



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stage. Third, any software/hardware changes in the trading system will be tested during the market rehearsal session before rollout. Regular checking on compliance will be performed to ensure the trading system is not modified or accessed by unauthorised persons.

### **Compliance with FATCA**

Given that Get Nice Securities and Get Nice Futures hold or manage assets on behalf of customers in the provision of securities and futures brokerage services, they fall within the definition of FFI under FATCA.

To ensure that Get Nice Securities and Get Nice Futures comply with FATCA requirements, our Group has adopted the following measures:

- registering Get Nice Securities and Get Nice Futures with the IRS;
- enhancing the current account opening procedures to ensure compliance with FATCA;
- conducting reviews of our existing client accounts to identify any accounts held by U.S. taxpayer; and
- providing training and guidance to Get Nice Securities and Get Nice Futures's employees with respect to the new requirements under FATCA.

As at the Latest Practicable Date, none of our existing client accounts are held by a U.S. taxpayer. Given that (i) Get Nice Securities and Get Nice Futures have registered with the IRS; (ii) we have implemented enhanced account opening procedures to identify U.S. accounts and clients in compliance with FATCA; and (iii) none of our existing client accounts are held by a U.S. taxpayer, the Directors believe that the implementation of FATCA in Hong Kong pursuant to the IGA has no material impact on our business operations, our Shareholders and clients.

### **Risk Management**

#### *(i) Credit risk*

We are exposed to credit risks during the course of our business when we provide financing services to our clients on a margin basis. We have a credit committee and we also have internal control measures to maintain proper credit controls on margin financing in order to prevent us from being exposed to unacceptable credit risks. The credit committee comprises three members including the CEO, and two Responsible Officers.

#### *(A) Margin Loan Limit*

Our Company would grant a margin loan to clients based on the following criteria: (i) investment experience; (ii) investment objective; (iii) financial background; and (iv) prevailing market conditions. The account executive would suggest a margin loan limit for the client based on the above factors for the credit committee approval.

The credit committee will then approve the margin loan limit recommended by the account executive. For a margin loan limit of HK\$500,000 or below, a Responsible Officer would be able to authorise such a loan. For a margin loan limit of above HK\$500,000, there would need to be the authorisation from one Responsible Officer and one credit committee member.

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(B) Margin loan ratio

The margin loan ratio of each stock, as determined by the margin loan balance that may be granted in respect of a particular stock over the market value of that stock, would be reviewed quarterly by the credit committee. The margin loan ratio will be determined according to the following factors: (i) the margin ratios provided by a number of external banks; (ii) the stock fundamentals; (iii) liquidity of the stock; (iv) price volatility; and (v) prevailing market conditions. The list of margin loan ratio should be approved by the credit committee. The effective margin loan ratio should be updated in the settlement system after each review.

(C) Margin call procedures

The credit officers of our Company are responsible for reviewing the balance and margin status of our clients account on a daily basis. If the clients who are under margin, the credit officers will inform the relevant account executives to call those clients to cover the shortfall. The initiation of a margin call will arise:

- When the loan balance is greater than 120% of the margin value of the securities collateral in case of loan balance over HK\$2 million; or
- When loan balance is greater than 130% of the margin value of the securities collateral in case of loan balance equal of less than HK\$2 million; or
- When the loan balance is greater than 70% of the market value of the securities collateral.

The credit officer will send margin call reports to the relevant account executive in the morning and feedback has to be sent by the relevant account executive before 4:30 p.m. If the client failed to meet the margin call by the account executive within the necessary timeframe, the credit officer will make the second margin call and follow up with the client. The credit officers have to confirm that the appropriate margin call actions have been made by both the account executive and themselves and report to our credit committee.

If the clients have failed to meet the shortfall within the necessary timeframe after the second margin call, we have the right to liquidate their securities in the market.

(ii) *Liquidity risk*

We are required to maintain at all times the liquid capital which is not less than the requirement as set out under the FRR. Our accounts department is responsible for the preparation of the financial returns and the computation of liquid capital in accordance with the requirements under the FRR. The monthly financial returns are submitted to our Responsible Officer for review and approval before submission to the SFC no later than three weeks after each calendar month. Our accounts department also calculates the liquid capital computation on a daily basis which is reviewed by our Responsible Officers to ensure that we are able to comply with the FRR requirement on an ongoing basis. Our accounts department reviews our liquidity position every day so that we can obtain sufficient facilities for the anticipated business volumes.

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

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(iii) *Operation risk*

Our senior management regularly reviews our operations to identify areas of inadequate control. Our Directors believe that our Group has established reliable dealing guidelines for its operations. Our compliance manager is responsible for overseeing our Group's compliance department with applicable regulatory requirements and he reports directly to the audit committee of our Board.

(iv) *Interest rate risk*

Our Group is mainly exposed to interest rate risk in relation to accounts receivable, bank balances and variable bank borrowings. For details of our interest rate risks, please refer to the section headed "Financial Information – Quantitative and Qualitative Disclosures about Market Risk" in this prospectus.

(v) *Foreign currency risk*

Our Group's business is principally conducted in HK dollars and most of our Group's monetary assets and liabilities are denominated in HK dollars. As such, our Group considers that there is unlikely any foreign exchange rates risk.

(vi) *Risk management relating to our placing and underwriting services and corporate finance advisory services*

(A) Restricted list and conflict checks

Once we identify potential corporate finance deals which involve any listed companies, the names of the listed companies are added to the restricted list and that list is then circulated to the members of the corporate finance team. Our team members are strictly prohibited from trading the securities listed on the restricted list until the abortion or completion of the deals.

Prior to the acceptance of any corporate finance advisory engagement, a conflict of interest check and/or independence check is conducted. Upon clearance of the conflict of interest and/or independence check, our corporate finance department arranges written engagement letters between us and our clients to agree on the terms of engagement which include the scope of our work, the fees and the payment terms. Once the terms are agreed by both parties, both parties sign the engagement letter and we retain original copies of the engagement letter for record keeping purposes.

(B) Chinese wall

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

We have internal policies and procedures in place to safeguard the leakage of inside information and to ensure no improper trading occurs (e.g. the restricted list as recorded and kept by our corporate finance department from time to time). To effectively enforce the Chinese wall policy, we have also established physical segregation including segregation of office premises from various departments, in particular our corporate finance department. The staff of our corporate finance team occupy and will continue to occupy a separate and closed office area.

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In addition, appropriate procedures will be implemented to ensure sensitive information is only passed to relevant persons in order to prevent potential conflicts of interests.

(C) Record keeping

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

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

### Internal Control

For those members of our Group which are licensed corporations under the SFO, they are regulated by the SFC in respect of the regulated activities conducted by them. We are subject to inspections and examinations by the SFC and other regulatory agencies, which may reveal certain deficiencies with respect to our business operations, risk management and internal controls.

Since the listing of GN Shares on the Main Board of the Stock Exchange in 2002, Get Nice Securities and two of its directors (who are also our Directors) were involved in a disciplinary action with the SFC. In July 2003, Get Nice Securities and its then directors, Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie were reprimanded by the SFC based on the following findings of the SFC:

1. Through Get Nice Securities' arrangement, certain shares in a listed company (the "**Relevant Listco**") were transferred from a third party to one of Get Nice Securities' clients on 17 January 2000, when trading in the Relevant Listco's shares was suspended. By this transaction, Get Nice Securities was in breach of Rule 539 of the Stock Exchange Trading Rules, which prohibits a member of the Stock Exchange from dealing in suspended securities.
2. Get Nice Securities failed to ensure that its securities margin financing business conducted via Get Nice Finance was conducted properly. The SFC found that Get Nice Securities did not have proper credit controls in relation to the transactions of the client involved in the transaction described in paragraph 1 above. Despite little knowledge of the client's background and financial status, and a large debit balance in the clients account in Get Nice Finance, Get Nice Securities allowed large purchase transactions in the account.
3. There was no proper audit trail when the client withdrew the proceeds of the subsequent sale of the above shares from the client account between January and March 2000. The SFC found that of the three cheque withdrawals recorded at Get Nice Finance as being payable to the client, one cheque had been altered to cash, another had been altered to be payable to a third party and the remaining cheque had been paid to a company controlled by Mr. Hung Hon Man. There was no clear audit trail as to the change of the original cheque payee to cash or to a third party.
4. There were also inadequate controls in place to ensure that the relevant cheques were collected by authorised parties or delivered to the client.
5. The incidents detailed above indicated that Get Nice Securities did not have proper procedures or guidelines to:
  - prevent dealing in suspended stocks; and

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- ensure that its margin financing business was being conducted properly by ensuring that proper audit trails for the issuance, alteration and delivery of cheques were instituted and followed.

As a result of the above findings, the SFC concluded that the fitness and properness of Get Nice Securities as a licensed corporation has been called into question and decided to reprimand it.

6. Mr. Hung Hon Man, who knew the shares of the Relevant Listco were suspended at the time, directed the staff of Get Nice Securities to arrange for the off-market transfer of certain Relevant Listco's shares on 17 January 2000. He failed to realise that dealing in suspended securities was prohibited and caused Get Nice Securities to breach Rule 539 of the Stock Exchange Trading Rules.
7. Mr. Hung Hon Man also participated in the handling of the client's account including approving securities margin financing to the client and settlement-related matters. The SFC found that he was also responsible for Get Nice Securities' failures in lacking proper credit controls and a proper audit trail of fund withdrawals. Therefore, the SFC concluded that the fitness and properness of Mr. Hung Hon Man had been called into question and decided to reprimand him.
8. Mr. Shum Kin Wai, Frankie was a director at Get Nice Securities responsible for the supervision of its regulated business at the relevant time. The SFC found that Mr. Shum Kin Wai, Frankie was also responsible for Get Nice Securities' failures and concludes that his fitness and properness had been called into question and decided to reprimand him.

Get Nice Securities, as a result, included in its operational and procedural manual a rule to prohibit dealings in suspended securities by our staff as part of its remedial measures. It is our policy to require our settlement officer to check whether the shares to be transferred are suspended securities and not to process the settlement of suspended securities except those that are allowed under Rule 539 of the Stock Exchange Trading Rules. Our Directors confirmed that Get Nice Securities has not engaged in any prohibited settlement of suspended securities transaction since July 2003 and up to the Latest Practicable Date.

Since July 2003 and up to the Latest Practicable Date, under the management of our Directors, including Mr. Shum Kin Wai, Frankie and Mr. Hung Hon Man, we have not been reprimanded or been involved in any disciplinary action with the SFC. Our Directors have a paramount focus on the compliance of our Group at all times and the result of such focus can be seen from our compliance record since July 2003.

Since the listing of GN Shares on the Main Board of the Stock Exchange in 2002, to the best knowledge of our Directors, there have been five incidents where account executives of Get Nice Securities have been involved in disciplinary action or reprimanded by the SFC. These incidents happened between 2004 and 2006. All five incidents involved personal misconduct of the account executives in breach of our internal control policies and Get Nice Securities had not been subject to any disciplinary action or reprimanded by the SFC in these five incidents.

Out of the five account executives mentioned above, four of them were still licensed representatives of Get Nice Securities as at the Latest Practicable Date. However, our Directors believe that they are suitable to work at the Get Nice Securities because (i) they are still licensed representatives licensed by the SFC; (ii) it has been a long period of time since their respective non-compliance incidents and they have not been involved in any further disciplinary incidents and have shown that they have due respect for the relevant rules and regulations in relation to being a licensed representative under the SFO; and (iii) the four account executives have also since their disciplinary action completed various training sessions and have kept up with the latest development of the relevant laws, rules and regulations in relation to being a licensed representative under the SFO. Because all of the above misconducts were personal

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misconducts of the account executives in breach of our internal control policies, we cannot assure you that our account executives will not be engaging in misconducts in breach of our internal control policies in the future. We have established whistle-blowing policy to provide a mechanism allowing our employees to report any malpractice existing in our Group to the audit committee under the condition of confidentiality. As an additional measure to assist us to detect the misconduct of our account executives, we conduct internal audit review on an annual basis in recent years. We have also engaged an independent internal control consultant to conduct a review of our internal control in May 2015. For details, please refer to the next paragraph.

### Independent review of internal control systems

We have engaged an independent internal control consultant to conduct a review of our internal control in May 2015. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there have been no findings of material internal control deficiencies identified by the internal control consultant. Other than the non-compliance incidents which have been disclosed in the section headed “Non-Compliance and Disciplinary Actions” in this section, the following sets out the relatively more significant issues amongst the immaterial deficiencies in relation to a number of our operations raised by the internal control consultant and remedial actions taken by our Company as observed by our internal control consultant during its follow up review performed between August and September 2015:

Area of concern	Findings	Remedy
Client acceptance and account opening procedures	Get Nice Securities conducts simple internet searches regarding the background of the client when conducting client due diligence process at the account opening stage. Get Nice Securities does not have an adequate screening procedure for identification of potential PEP.	Get Nice Securities has subscribed to an online compliance check package provided by an external search agency for performing Sanctions and PEPs screenings when conducting account opening procedures. Evidence is maintained on the background check performed.
	Get Nice Securities did not obtain any company report or perform any company search for the new corporate clients.	Get Nice Securities now obtains a copy of the annual return/company search report as part of the account opening documents.
Margin call policy and procedures	Get Nice Securities did not state in its margin call policy a standard of debt-to-market value ratio to determine whether margin calls should be initiated. <i>(Note 1)</i>	Get Nice Securities has revised the requirements for initiating margin calls in its “Credit Manual” in September 2015.
	In relation to margin calls actually made, there has been no feedback given back to Get Nice Securities or our Responsible Officer following the margin call made by the relevant Account Executive.	Starting from July 2015, account executives note down the results of the margin calls and sign on the Margin Update Status Report after making margin calls to clients.

Note:

1. Our Directors confirm that in practice, Get Nice Securities will consider the debt-to-market ratio when determining whether margin calls should be initiated. Further, our Directors confirm that our Group has not suffered any losses arising from any failure to initiate margin calls during the Track Record Period.



### **Complaints from Clients**

We have received one formal complaint in early April 2015. The complainant was a client of Get Nice Securities and she lodged a complaint in relation to her cash account and margin account held with Get Nice Securities. The complainant lodged her complaints with both the SFC and Get Nice Securities. The complainant alleged that the account executive handling her account (the "**Complainant's AE**") had misused the funds in her account without her consent and that Get Nice Securities or the Complainant's AE did not inform her of any transactions which were made with her accounts. The complainant also alleged that Get Nice Securities and the Complainant's AE had also opened a margin account for her without her consent and conducted margin trading transactions without her consent.

After receiving the complaint, the complaints officer of Get Nice Securities had taken the following actions in accordance with its complaint handling policies:

*(i) Reviewing the documents in relation to the complaint*

The complaint officer reviewed the following documents in relation to the complaint: (1) the complainant's account opening documents of cash account and margin account; and (2) account statements of the complainant's cash account (from October 2013 to April 2015) and margin account (from July 2014 to April 2015). The complaints officer noted that (1) the complainant completed the account opening documents for cash account and margin account; (2) account statements of the complainant's cash account and margin account had been sent to the complainant; (3) there was immaterial deficit cash balance in the complainant's cash account as at the end of April 2014 mainly due to the accumulated trading losses in April 2014 and as at the end of each of the months from July 2014 to February 2015 mainly due to the accumulated trading losses in July 2014, which was settled by the end of March 2015, before the complaint was lodged in early April 2015; and (4) the deficit balance in the complainant's margin account when the complaint was lodged was caused by accumulated trading losses incurred from July 2014.

*(ii) Verbal confirmation with the complainant to ascertain the facts surrounding this case*

The complaints officer verbally confirmed with the complainant to ascertain certain facts. The complainant confirmed that she had received all the account statements of both cash account and margin account sent to her by Get Nice Securities and that it was the complainant herself who placed all the trading orders via her cash account and margin account and she was aware of the trading losses incurred for the period.

After the conversation with the complaints officer, the complainant sent a letter to the SFC and Get Nice Securities in late April 2015 to confirm that she withdrew the complaint against Get Nice Securities and the Complainant's AE. In the letter to the SFC, the complainant confirmed that she accepted the investigation results of Get Nice Securities and she described the whole incident as a "misunderstanding".

The complainant closed both the cash account and margin account with Get Nice Securities after withdrawing her complaint and settling the deficit amount in her margin account (the "**Margin Account Settlement Deposit**") and disposing of the outstanding securities in her account. The Complainant's AE resigned from Get Nice Securities in April 2015 on his own accord and Get Nice Securities accepted his resignation.

All actions taken by the complaints officer, including, amongst others, the details of the conversation with the complainants, were recorded in the complaint file of Get Nice Securities. After the investigations, in respect of the complaint, given (i) all relevant internal procedures, including, amongst others, account opening procedures, account statements delivery procedures and complaint handling procedures have been followed; (ii) the complainant withdrew her complaint with the SFC and Get Nice Securities on her own; (iii) the amount involved was not



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significant; (iv) the deficit balance of cash account and margin account had been settled; (v) the complainant closed all her accounts with us; and (vi) no irregularities or suspicions were noted according to our internal complaint handling procedures, our Company did not notice any red flags that warranted further investigation.

In August 2015, Get Nice Securities received a request from the SFC to trace the source of a deposit to the complainant's cash account in late June 2014 ("**Cash Account Deposit**") to settle an immaterial cash deficit balance that existed as at 19 June 2014 and the Margin Account Settlement Deposit and as a result of which, we made a specific enquiry to the relevant bank and based on the documents provided by the bank, it was noted that the Cash Account Deposit and Margin Account Settlement Deposit were transferred from the Complainant's AE via bank transfer.

Under our internal procedures, we will only trace the source of funds relating to bank transfers when any irregularities or suspicions are identified. In respect of this incident, since the Cash Account Deposit and Margin Account Settlement Deposit were transferred via bank transfer and the amount involved was not significant, there were no red flags raised based on Get Nice Securities' internal control policies and hence, no further investigation has been taken by us. On the other hand, we have enhanced our internal control procedures for identifying potentially suspicious transactions involving third party transfers. For details of these procedures, please refer to the paragraph headed "Remedial measures implemented" in this section.

### **Limited reviews by the SFC**

Our Group has been subject to a number of limited reviews by the SFC since the listing of GN Shares in 2002. Please see below for the details in relation to the SFC's material findings and our Group's remedial measures adopted to address the issues raised by the SFC. As these SFC's reviews are limited in scope, they may not reveal all breaches, deficiencies and irregularities that may have existed at the relevant time when such reviews are conducted.

### **Get Nice Securities**

The following highlights the material findings of the SFC stated in a letter to Get Nice Securities dated 9 October 2003 after a limited scope review of the business activities of Get Nice Securities by the SFC in June 2003:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Order recording	<ul style="list-style-type: none"><li>• There were several instances where client orders could not be traced to the telephone tape recordings. These orders were either placed by the clients in person at Get Nice Securities' office premises or through account executives' mobile phones.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities had communicated to its accounts executives to use central recording system in receiving client orders.</li></ul>
Policy and procedures on anti-money laundering and anti-terrorist financing	<ul style="list-style-type: none"><li>• Get Nice Securities did not have any written policy and procedures on anti-money laundering and anti-terrorist financing.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities adopted a written policy on anti-money laundering.</li></ul>

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<b>Area of concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Hold mail clients	<ul style="list-style-type: none"><li>• Based on the list of hold mail clients provided by Get Nice Securities to the SFC, the majority of the hold mail clients who purportedly were present in the office of Get Nice Securities themselves, had authorised another third party to pick up their statements of account on their behalf. Such authorisations had mainly been granted to two persons, who seem to be related to the two Get Nice Securities' account executives of these hold mail clients.</li></ul> <p>Hold mail arrangement was a high risk area which, if not adequately controlled, may facilitate perpetrating of unauthorised acts in relation to the client accounts, such as unauthorised trading.</p>	<ul style="list-style-type: none"><li>• Get Nice Securities had appointed its settlement officer to serve the statements of accounts on those clients who have authorised any of the two account executives to collect statements on their behalf.</li></ul>

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The following highlights the material findings of the SFC stated in a letter to Get Nice Securities dated 29 June 2006 after a limited scope review of the business activities of Get Nice Securities by the SFC:

<b>Area of concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Order recording	<ul style="list-style-type: none"><li>• In the SFC's sample test, 33% of the sampled client orders could not be traced to Get Nice Securities' tape recording system. These orders were received by the account executives either via mobile phone or outside Get Nice Securities' office premises. In respect of the latter, the account executives would record the order details and time stamp on dealing tickets/trade blotters only upon placing the order to the dealer. In addition, there were some instances where orders were placed by an on-site client, the dealing tickets were prepared well after the orders had been executed.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities had issued a circular to accounts executive informing them that they should channel all dealing orders to taped telephone lines.</li></ul> <p>A compliance check was performed in August 2005 of which Get Nice Securities had selected 25 orders from a number of account executives and the result was satisfactory. Such checking will be performed on a quarterly basis.</p>

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The following highlights the material findings of the SFC stated in a letter to Get Nice Securities dated 30 May 2008 after a limited scope review of the securities margin financing activities of Get Nice Securities by the SFC and its advisers:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Lax margin lending and margin call policy	<ul style="list-style-type: none"> <li>• The credit manual of Get Nice Securities did not specify the triggering level for making the first and successive margin calls; and in practice, Get Nice Securities would only initiate margin calls when the loan balance is greater than 80% of the market value of securities collateral and the loan amount was over HK\$10,000.</li> </ul> <p>Having regard to the quality of securities collateral based on the analysis of Get Nice Securities' margin loan portfolio as at 7 December 2007, the SFC considered that the triggering level adopted by Get Nice Securities for initiating margin calls would not adequately secure the financial exposure to which Get Nice Securities was exposed.</p> <p>The SFC's advisers also noted that the aggregate margin shortfall, being the amount of a margin loan in excess of the marginable value of its securities collateral, in the margin client accounts of Get Nice Securities, was consistently at a high level.</p> <p>The SFC considered that the then margin call practice of Get Nice Securities was exposing itself to a significant level of credit risk.</p>	<ul style="list-style-type: none"> <li>• The margin call procedures had been included in the credit manual for making the first and successive margin calls. Margin calls will be initiated in the following circumstances: (i) when loan balance is greater than 120% of the margin value of the securities collateral in case of loan balance over HK\$2 million; or (ii) when loan balance is greater than 130% of the margin value of the securities collateral in case of loan balance equal of less than HK\$2 million; or (iii) when the loan balance is greater than 70% of the market value of the securities collateral. When the client failed to meet the first margin call within the timeframe, the credit officers will initial second margin call and follow up the result.</li> </ul>

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Area of concern	Deficiencies	Remedial measures implemented
<p>Concentration risks</p>	<ul style="list-style-type: none"> <li>• The credit manual of Get Nice Securities did not address the risk of concentration of exposure to individual margin clients or groups of related margin clients as well as the risk of concentration of exposure to individual item of securities deposited as collateral.</li> </ul> <p>Based on the SFC's advisers' analysis of Get Nice Securities margin loan portfolio as at 7 December 2007, the SFC noted that Get Nice Securities granted a number of material loans which were solely or primarily secured by one single securities collateral with low margin ratio (30% or below). The sensitivity analysis performed by the SFC's advisers on the margin loan portfolio of Get Nice Securities as at 7 December 2007 highlighted that Get Nice Securities had material exposure to a number of stocks which had a margin ratio at 30% or below.</p>	<ul style="list-style-type: none"> <li>• The credit manual has been amended that such that:               <ul style="list-style-type: none"> <li>(i) in order to avoid excess exposure to individual margin clients (or group of related margin clients) and to individual collaterals, a prescribed percentage had been set for a stock (fall within the top 30 margin loans) not accounted more than the total outstanding margin loan. The prescribed percentage of a stock is as follows:                   <ul style="list-style-type: none"> <li>– HSI constituents: 12.5%;</li> <li>– Hang Seng Hong Kong Midcap constituents: 9%;</li> <li>– MSCI HK &amp; China constituents: 9%; and</li> <li>– Others: 6%;</li> </ul> </li> <li>(ii) Besides, a margin loan to any person or parties or a group of related accounts as defined in the Securities and Futures (Financial Resources) Rules shall not exceed an amount equivalent to 8% of the value of outstanding margin loans; and</li> <li>(iii) Credit risk exposure is reviewed on regular basis to make sure the credit risk management is effective and adequate.</li> </ul> </li> </ul>

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<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Other inadequacies in margin lending policy	<ul style="list-style-type: none"><li>• The credit manual of Get Nice Securities did not clearly address the matters set out in paragraph 12 of Schedule 5 to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (“<b>Code of Conduct</b>”), in particular, it did not set out the triggering level for stopping further advances to clients and the triggering level for forced liquidation of a client’s collateral; and it does not set out the circumstances in which deviation from the policy may be approved by management, nor specify the approval limits applicable to each level of the management.</li></ul>	<ul style="list-style-type: none"><li>• The credit manual had been amended such that:<ul style="list-style-type: none"><li>(i) The triggering level for stopping further advances to clients arises when the clients fail to meet the first margin call within the timeframe without providing an acceptable reason; and</li><li>(ii) The triggering level for forced liquidation of a client’s collateral arise when the clients failed to satisfy the margin call within the timeframe without an acceptable reason or repayment plan.</li></ul></li></ul>

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Area of concern	Deficiencies	Remedial measures implemented
		<p data-bbox="1011 336 1401 1272">(iii) Deviation from the policy should only be allowed under very special circumstance which is subject to review on a case-by-case basis. The credit committee members and other relevant senior management should consider all relevant facts with due care. Moreover, approval limit should be set for each occasion with reference to the financial risk exposure on the client, stock collateral, regulatory requirements and the financial impact on our Company as a whole. Clear documentation of the risk assessment and justifications for the approval have to be maintained and the credit committee members who are given the authority to grant the approval and their respective limits are as follows:</p> <ul data-bbox="1050 1306 1401 1813" style="list-style-type: none"><li data-bbox="1050 1306 1401 1434">– margin loan below HK\$5 million, any two credit committee members;</li><li data-bbox="1050 1468 1401 1655">– margin loan below HK\$20 million any two credit committee members and one must be vice chairman or chairman; and</li><li data-bbox="1050 1689 1401 1813">– margin loan below HK\$100 million, full credit committee members.</li></ul>



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Area of concern	Deficiencies	Remedial measures implemented
Margin ratios assigned to collateral	<ul style="list-style-type: none"> <li>• Among the securities collateral provided by margin clients with outstanding loan balances as at 7 December 2007, two stocks were assigned with a margin ratio of 50% by Get Nice Securities, which appeared to be too high.</li> </ul>	<ul style="list-style-type: none"> <li>• The margin ratio of 50% was an error. The correct margin ratios of 10% and 0% had been assigned to the two stocks respectively.</li> </ul>
No formal stress testing procedures	<ul style="list-style-type: none"> <li>• Get Nice Securities did not have any formal control procedures in scenarios of significant market movements, and that it did not carry out formal stress testing on its margin loan portfolio to assess the financial impact of drop in price of stock collateral held by margin clients.</li> </ul>	<ul style="list-style-type: none"> <li>• The securities system provider added functions to the securities system in respect of the stress test on margin loan portfolio to assess the financial impact of drop in price of stock collateral held by margin clients and was implemented subsequently. The credit officer would perform the stress test on monthly basis or any time as necessary.</li> </ul>
Repledging limit compliance monitoring	<ul style="list-style-type: none"> <li>• Get Nice Securities did not have any written procedures for repledging limit compliance monitoring and that there was no evidence of review by the reviewer on the daily repledging ratio computation.</li> </ul>	<ul style="list-style-type: none"> <li>• The credit manual had been amended such that:               <ul style="list-style-type: none"> <li>(i) The repledging limit compliance monitoring procedures were added to our credit manual;</li> <li>(ii) The repledging limit would be calculated on daily basis in order to comply with the regulatory requirements; and</li> <li>(iii) a reviewer would be required to sign off the daily repledging ratio computation as evidence of review.</li> </ul> </li> </ul>

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The SFC expressed its following concerns in a letter to Get Nice Securities dated 23 July 2010 after reviewing certain financial returns and information provided to the SFC in connection with margin loan exposures of Get Nice Securities.

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Lax credit controls over margin clients	<ul style="list-style-type: none"> <li>• The aggregate shortfall in the margin client accounts increased significantly from HK\$202 million as at 3 May 2010 to HK\$522 million as at 26 May 2010. As at 30 June 2010, the aggregate amount of margin shortfall stood at HK\$445 million, representing 27% of total margin loan of Get Nice Securities.</li> <li>• In the SFC's sample review of margin accounts selected from top 20 margin clients of Get Nice Securities as at 31 May 2010, the SFC noted that two margin clients were allowed to effect further purchases despite they had not met their margin calls.</li> </ul>	<ul style="list-style-type: none"> <li>• The margin shortfall was strictly monitored on daily basis by the finance department and Get Nice Securities had appointed a credit controller to enforce the margin call policy and/or collect margin from clients promptly. The total margin loan balance was reduced by 12% compared to the end of June 2010.</li> <li>• One of the two margin clients sold the stocks in July 2010 and had available margin. The other had made margin deposit in July 2010.</li> </ul>
Breaches of stock concentration limits	<ul style="list-style-type: none"> <li>• The marginable value of two stocks as a percentage of total margin loan as at 30 June 2010 were 15% and 10%, exceeding the applicable concentration limits set out in the credit manual of Get Nice Securities of 9% and 6%, respectively.</li> </ul>	<ul style="list-style-type: none"> <li>• As at 2 August 2010, the marginable value of two stocks as a percentage of total margin loan were 12.6% and 5.6%, respectively. Even though the marginable value of one of the stocks as a percentage of total margin loan was still over the stock concentration limit set by Get Nice Securities, its margin call amount had been substantially reduced compared to that as at 30 June 2010. After considering the overall financial position of Get Nice Securities and the quality of that particular stock, it had allowed this stock be deposited as collateral over the limit set on margin loan exposure on individual security.</li> </ul>

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<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Margin ratio assigned to a particular stock	<ul style="list-style-type: none"> <li>A stock that was identified as illiquid collateral was assigned a margin ratio of 65%, while the margin ratio offered by the bank of Get Nice Securities was only 45%.</li> </ul>	<ul style="list-style-type: none"> <li>The margin ratio assigned to this stock was reduced to 45% effective from 1 August 2010.</li> </ul>

The following highlights the material findings of the SFC stated in a letter to Get Nice Securities dated 22 September 2011 after a limited scope review of Get Nice Securities by the SFC and its advisers with regard to compliance with anti-money laundering requirements:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Anti-money laundering (“ <b>AML</b> ”) policies and procedures	<ul style="list-style-type: none"> <li>The SFC’s advisers considered that the AML policies of Get Nice Securities did not provide sufficiently detailed guidance as to how the respective staff can ensure compliance with the Prevention of Money Laundering and Terrorist Financing Guidance Note (“<b>AMLGN</b>”). For example, they did not contain policies and procedures in areas such as the identification of PEP, recognition and reporting of suspicious transactions, and training, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Securities had revised the policies and procedures for compliance with the AML requirements, including AMLGN and areas in the identification of PEP, recognition and reporting of suspicious transactions, and training.</li> </ul>
Customer due diligence	<ul style="list-style-type: none"> <li>Based on a sample review of customer files, the SFC advisers noted that Get Nice Securities did not obtain (a) information on the investment objectives of a client; and (b) information on the financial situation, investment objectives and nature of business of another client.</li> </ul>	<ul style="list-style-type: none"> <li>The missing information had been subsequently obtained.</li> </ul>

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<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Identification of PEP	<ul style="list-style-type: none"> <li>• Get Nice Securities only relied on the background information provided by their clients to determine whether the client is a PEP, without making reference to any publicly available information or commercially available databases.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Securities will screen the account for PEP by making reference to publicly available information or commercially available databases in addition to background information provided by the clients.</li> </ul>
Recognition of suspicious transactions	<ul style="list-style-type: none"> <li>• The Responsible Officer and AML compliance manager of Get Nice Securities would review and monitor all transactions on a daily basis by reviewing the “Daily Transaction Register by account executives”. In case where there was any large transaction, the responsible account executive would call the customer and ask for detailed reasons for the transactions. No documentation of the review results has been kept.</li> </ul> <p>Get Nice Securities should put in place appropriate systems and procedures to enable it to detect not only large transactions but also other types of irregular transactions that could be a cause of scrutiny in accordance with section 9 of AMLGN.</p>	<ul style="list-style-type: none"> <li>• Documentation of the work done and review results of the daily monitoring of large transactions will be kept and suspicious activities including unusual or irregularities will be subject to increased scrutiny.</li> </ul>
Education and training	<ul style="list-style-type: none"> <li>• Get Nice Securities had arranged for some of its staff members to attend an external AML training session in April 2011. Get Nice Securities should institute all necessary controls to ensure that AML training is provided to all staff members.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Securities will take measures for screening and training employees that are appropriate having regard to the risk of money laundering and terrorist financing for the purpose of compliance with AMLGN and make arrangements for refresher training to members of staff at regular intervals.</li> </ul>

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The following highlights the material findings of the SFC stated in a letter to Get Nice Securities dated 3 October 2014 after a prudential visit of Get Nice Securities by the SFC:

<b>Area of Concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Inadequate compliance review of telephone records	<ul style="list-style-type: none"><li>• Frequency of review of telephone recordings of account executives is too low.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities would review the telephone recordings on a monthly basis instead of on an annual basis.</li></ul>
Inadequate segregation of duties	<ul style="list-style-type: none"><li>• If requested by client, the account executives would collect physical scrip directly from client and would pass it to the settlement department for depositing into client's account.</li></ul>	<ul style="list-style-type: none"><li>• Account executives are not allowed to perform settlement work.</li></ul>

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The following highlights the material findings of the SFC stated in a letter to Get Nice Securities dated 4 December 2015 after a limited scope of review of the business activities of Get Nice Securities by the SFC:

<b>Area of Concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Licensing issues	<ul style="list-style-type: none"><li>• It was noted that Get Nice Securities had paid commission rebates to the bank account of a company which was wholly-owned by one of its licensed representatives in accordance with that licensed representative's instruction. Given that such company received commission rebates arising from dealings in securities, it casts doubt whether such arrangement may constitute carrying on a business in a regulated activity which requires to be licensed as stipulated under section 114 of the SFO.</li> <li>• It was noted that although Get Nice Securities holds a license for asset management activity, it has not conducted such regulated activity for a number of years and there are no concrete business plan to resume such regulated activity in the future.</li></ul>	<ul style="list-style-type: none"><li>• After reviewing the arrangement, all commission rebate will be paid directly to the bank account of our licensed representatives, and payment to all other bank accounts, including, amongst others, the bank account of any licensed representative's wholly-owned company, is strictly prohibited.</li> <li>• Although Get Nice Securities has not been conducting any asset management activity, it has established a concrete business plan to conduct such regulated activity in the near future.</li></ul>

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Area of Concern	Deficiencies	Remedial measures implemented
Controls over securities margin financing – Margin ratios for securities collateral	<ul style="list-style-type: none"><li>It was noted that Get Nice Securities had in a particular instance extended securities margin financing based on a higher margin ratio of 44% than the ratio approved under the list of acceptable securities collateral of 20% in respect of a particular stock. While Get Nice Securities had assessed the creditworthiness as well as the financial position of the underlying listed company's securities as collateral before extending a margin loan, Get Nice Securities had not properly taken into account liquidity and concentration of the securities collateral in its risk management process for granting the margin loan. Get Nice Securities did not maintain documentation for the creditworthiness assessment performed as well as the approval for adopting a higher margin ratio than that stipulated in the list of acceptable securities collateral.</li></ul>	<ul style="list-style-type: none"><li>The credit committee is responsible for reviewing and approving of margin ratios as set out in Get Nice Securities' margin lending policy when extending margin financing while the compliance department is responsible for regular compliance checks to ensure compliance with the margin lending policy.</li></ul> <p>In cases where Get Nice Securities intends to grant a higher margin ratio than that stipulated in the approved margin ratio list, the credit committee will critically assess the credit risks underlying the margin loans, taking into account, including, amongst others, the liquidity and the concentration of the collaterals with detailed documentation of the assessment process, justification of deviation and appropriate approval.</p> <p>Such documentation will now, as a new policy, be subject to review by the compliance department.</p>



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Area of Concern	Deficiencies	Remedial measures implemented
Granting of margin loan limits to margin clients	<ul style="list-style-type: none"><li>• On a particular occasion, Get Nice Securities had granted a margin loan to a client that exceeded the margin loan limit for that client. Get Nice Securities did not set out any policies and procedures to monitor and ensure that its margin lending policy was adhered to by its staff when granting of margin loans or to obtain appropriate approval when any approved margin loan limit was exceeded. Get Nice Securities did not maintain any documentation to justify the margin loan limit granted to a client or for the extension of a margin loan that exceeds the margin loan limit.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has revised the written policies and procedures to maintain documentation of the assessment on the clients' securities collateral maintained, financial background, and justification of margin loan limit initially granted to a client and appropriate approval. Such documentation will now, as a new policy, be subject to review by the compliance department.</li><li>• Get Nice Securities has also revised the written policies and procedures to monitor margin loans that exceed the approved margin loan limits. The following monitoring mechanisms have been newly implemented:<ul style="list-style-type: none"><li>(i) An over limit report will be generated and reviewed by the compliance department and approved by the credit committee on a daily basis according to the revised credit policy;</li></ul></li></ul>

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Area of Concern	Deficiencies	Remedial measures implemented
		<p>(ii) For each margin loan that exceeds the margin loan limit by less than HK\$5 million, approval from one credit committee member is required. For each margin loan that exceeds the margin loan limit by HK\$5 million to HK\$20 million, approval from two credit committee members is required. For each margin loan that exceeds the margin loan limit by more than HK\$20 million, approval from two credit committee members including the CEO is required; and</p> <p>(iii) Based on the over limit report, the credit committee will critically assess the credit risks with detailed documentation of the assessment of clients' securities collateral maintained and financial background, justification of granting such margin loan exceeding the margin loan limit and appropriate approval. Such documentation will then be subject to review by the compliance department.</p>

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Area of Concern	Deficiencies	Remedial measures implemented
<p>Waiving of margin calls</p>	<ul style="list-style-type: none"> <li>• According to Get Nice Securities' margin lending policy, a margin call would be issued when a margin loan balance exceeds a threshold over the margin value of the securities collateral. However, it was found during SFC's sample review that for a particular case, a margin call on a client was warranted but Get Nice Securities waived the margin call and stopped any further purchase allowed for that client account after taking into account several pertinent factors. But Get Nice Securities was unable to provide any documentation relating to the approval as well as the rationale for waiving the subject margin call.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Securities had already furnished the relevant approval documentation to the SFC upon their inquiry. In order to waive a margin call, the relevant margin account should be subject to a credit risk assessment and approval by Responsible Officers. All approval documentation will then be subject to review by the compliance department.</li> </ul>
<p>Further advance by client subject to outstanding margin calls</p>	<ul style="list-style-type: none"> <li>• According to Get Nice Securities' margin lending policy, no further margin loans should be advanced to a client when the client fails to meet a margin call within the timeframe without providing an acceptable reason and in cases of any deviation from the margin lending policy, an approval from two credit committee members are required. However Get Nice Securities had advanced a client a further margin loan despite a margin call having been issued on that margin account. Approval was granted only from one credit committee member instead of two members and there was no proper documentation for the justification of such approval.</li> </ul>	<ul style="list-style-type: none"> <li>• Further advance of margin or loan by clients that are already subject to outstanding margin calls is generally not allowed according to the credit policy of Get Nice Securities. Any deviation from this policy is deemed as a special circumstance and will be required to be approved by the credit committee according to the credit policy.</li> </ul> <p>Get Nice Securities has revised the credit policy and the following monitoring mechanisms have been newly implemented:</p> <ul style="list-style-type: none"> <li>(i) Further advance of margin loan by clients that are already subject to outstanding margin calls will be subject to review by the compliance department and approval from the credit committee;</li> </ul>

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Area of Concern	Deficiencies	Remedial measures implemented
		<p>(ii) For further advance of margin loans below HK\$5 million to clients that are already subject to margin calls, approval from one credit committee member will be required. For further advance of margin loans ranging from HK\$5 million to HK\$20 million to clients that are already subject to margin calls, approval from two credit committee members will be required. For further advance of margin loans above HK\$20 million to clients that are already subject to margin calls, approval from two credit committee members including the chief executive officer will be required; and</p> <p>(iii) The credit committee will critically assess the credit risks with detailed documentation of the assessment of clients' securities collateral maintained and financial background, justification of granting further advance of margin loan and appropriate approval. Such documentation will then be subject to review by the compliance department.</p>

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<u>Area of Concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Safeguard of client money	<ul style="list-style-type: none"><li>• It was noted that Get Nice Securities maintained unidentified deposits for more than six months in its segregated bank account for client money, and had not made sufficient endeavours in tracing the depositors of these unidentified deposits and to establish the nature of such deposits.</li> <li>• Instead of advising the settlement staff directly, clients would notify the front office staff upon making direct fund deposit into Get Nice Securities' bank account. The front office staff would then inform the settlement staff about the deposit and the client account for which the deposit is made. The settlement staff would then update such details in the back office system accordingly after verifying that payment has been received.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has updated its policy of handling unidentified deposits such that the settlement department would be responsible for requesting relevant banks for the details of depositors of those unidentified deposits outstanding for more than 1 month that are larger than a certain monetary threshold. If the depositor is identified not to be a client of Get Nice Securities, arrangements with the bank will be made to return the money to the depositor within 1 month. Get Nice Securities has revisited the full list of unidentified deposits and its settlement department is following up with relevant banks.</li> <li>• Get Nice Securities has updated its policy such that all direct fund deposits into Get Nice Securities' designated bank accounts will be communicated with the settlement department directly instead of notifying front office staff. Get Nice Securities has issued a circular to remind all account executives of this policy.</li></ul>

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<b>Area of Concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Discretionary accounts	<ul style="list-style-type: none"><li>• It was noted that certain clients of Get Nice Securities had respectively authorised designated Licensed Representatives of Get Nice Securities to trade in securities for their accounts maintained at Get Nice Securities on a discretionary basis. Get Nice Securities advised that, in practice, their authorised Licensed Representatives are only allowed to give trading instructions on behalf of the clients. However it was noted that the scope of the written authorisation signed by clients appears to be much wider. These clients had given written authorisations which provided the authorised Licensed Representatives, apart from trading instruction, the right to (i) give oral or written instructions in delivery, transfer, deposit, withdrawal or settlement and all other transactions in securities and in all aspects; and (ii) pledge, charge and deposit with Get Nice Securities the type of securities for the repayment of such advance for the provision and/or maintenance of the margins required for the account with Get Nice Securities. The interest of clients of Get Nice Securities may be harmed if the authority granted to the authorised Licensed Representatives is not consistent with the needs of and the parameters set by the clients.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has revisited the existing written authorisation procedures with clients of discretionary accounts to ensure that all authorisations are consistent with the needs of and the parameters set by the clients in order to protect clients' interests. Get Nice Securities has also revised the standard written authorisations setting out options for various authorisation scopes to be selected by clients in accordance with their needs to reflect clearly their intended scope of authority when signing the authorisations.</li></ul>

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Area of Concern	Deficiencies	Remedial measures implemented
	<ul style="list-style-type: none"><li>• It was noted that a Responsible Officer of Get Nice Securities would review the monthly statements of all discretionary accounts for monitoring the operations of such accounts. However, there was no audit trail to evidence the Responsible Officer's review.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has updated the written policy such that the compliance department is responsible for conducting sample review on discretionary accounts on a monthly basis to ensure proper supervision of the operation of discretionary accounts. Documentation of the review with proof of review is to be maintained by the compliance department.</li></ul>



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Area of Concern	Deficiencies	Remedial measures implemented
Third party operated accounts	<ul style="list-style-type: none"><li>• A certain number of active clients have granted authorities to third parties to operate their accounts respectively, and it was found during the SFC's sample review that: (i) the scope of authorisation signed by clients appears to give much wider powers to such authorised third party persons although Get Nice Securities advised that, in practice, such authorised third party persons are only allowed to give trading instructions on behalf of the clients; (ii) most of the authorised third party persons are family members, relatives or friends of the clients. Other than making enquiry on the relationships between the client and such authorised third party, Get Nice Securities did not evaluate the need for granting such authorisation nor did it document the reasons for which such authorisations are granted; and (iii) Get Nice Securities did not have specific procedures for monitoring the operation of third party operated accounts or reviewing whether such third party authorisations remain necessary on a regular basis.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has revisited its existing authorisation procedures with clients of third party operated accounts to ensure that all authorisations are consistent with the needs of and the parameters set by the clients in order to protect clients' interests. Get Nice Securities has also revised the standard written authorisations setting out options for various authorisation scopes to be selected by clients in accordance with their needs to reflect clearly their intended scope of authority when signing the authorisations.</li></ul> <p>Get Nice Securities has updated its policy such that the customer services department will be responsible for making proper enquiries for the reason of opening third party operated accounts and the relationship between the clients and authorised third parties with detailed documentation. Such documentation together with the client's written authorisation and account opening documents will be subject to review by the compliance department before operating the accounts. The customer services department will also be responsible for conducting quarterly review of third party operated accounts to confirm whether such third party authorisations remains necessary, especially for inactive trading accounts.</p>

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<u>Area of Concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
AML and counter-terrorist financing (“CTF”) – Institutional risk assessment	<ul style="list-style-type: none"><li>• Although Get Nice Securities would perform institutional risk assessment based on various money laundering and terrorist financing risk factors, such institutional risk assessment results were only discussed between Responsible Officers and senior management and no relevant record had been kept on the process and results of such institutional risk assessment.</li></ul>	<p>Get Nice Securities has also updated its policy such that the compliance department will be responsible for conducting sample review of transactions of third party operated accounts on a monthly basis.</p> <ul style="list-style-type: none"><li>• Get Nice Securities has updated the AML/CTF policy that documentation of the process and results of the institutional risk assessment will be prepared and maintained by the compliance department and circulated this policy to all Responsible Officers and senior management, including our Board, for on-going review in order to be satisfied that AML measures implemented by Get Nice Securities are capable of addressing the money laundering and terrorist financing risks identified.</li></ul>

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<u>Area of Concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
AML and CTF – Screening terrorist and sanction designation	<ul style="list-style-type: none"><li>• Get Nice Securities had not implemented a system to screen for current terrorist and sanction designation during the process of establishing relationship with new clients. There should also be screening of entire client base for any newly published terrorist and sanction designations.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has implemented a new policy to designate a customer service officer to facilitate the screening of current terrorist and sanction designations during the process of account opening.  The designated customer service officer is also responsible for screening the clientele database against newly published terrorist and sanction designations by the relevant authorities under their respective regulatory regimes.  Any exception case will be reported to the compliance department.</li></ul>
AML and CTF – Customer due diligence	<ul style="list-style-type: none"><li>• For certain samples reviewed by the SFC, Get Nice Securities did not obtain sufficient information for corporate clients such as verifying the corporate client's registered office address in their place of incorporation and obtain a company search report or a certificate of incumbency or equivalent verification.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has implemented new policies and procedures to ensure that all required information and documents including company search report are obtained when opening accounts for corporate clients.  Account opening forms will be subject to regular review by the compliance department to ensure the sufficiency of information and compliance with AML requirements.</li></ul>

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Area of Concern	Deficiencies	Remedial measures implemented
<p>AML and CTF – Customer risk assessment</p>	<ul style="list-style-type: none"> <li>It was found during the SFC’s sample review that (i) Get Nice Securities could not locate some Anti-Money Laundering Risk Assessment Form for New Clients (“<b>Risk Assessment Form</b>”) that the SFC selected for review, these forms of which Get Nice Securities would have completed during the account opening process for a customer; (ii) it was unable to provide documentary records to demonstrate how it performed its risk assessment and drew its conclusion in the Risk Assessment Form for certain customers; and (iii) the risk factors considered in the Risk Assessment Form were not comprehensive enough to enable an effective customer risk assessment in identifying and categorising money laundering and terrorist financing risks of the customers.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Securities has designated a customer service officer to ensure all Risk Assessment Forms attached with account opening forms are properly kept.</li> </ul> <p>Get Nice Securities has revised the Risk Assessment Form, as a documentary record of risk assessment and conclusion, increasing the risk factors to consider for assigning AML and CFT risk rating to clients.</p>
<p>AML and CTF – identification of foreign and domestic PEP</p>	<ul style="list-style-type: none"> <li>It was noted that although Get Nice Securities would screen the customer account for PEP by undertaking due diligence searches according to its internal policy and procedure, it was found during the SFC’s sample review that Get Nice Securities however did not retain any documentary evidence for such checking.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Securities has adopted a database maintained by third party service providers for screening of its client accounts for PEPs, and has also updated its AML/ CTF policy to ensure that relevant records and documents will be maintained and subject to review by the compliance department on a monthly basis.</li> </ul>

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Area of Concern	Deficiencies	Remedial measures implemented
AML and CTF – Suspicious transactions monitoring and reporting	<ul style="list-style-type: none"><li>• Get Nice Securities would only use a single parameter of large transactions to identify potentially suspicious transactions. Other red flag indicators, such as third party transfers and obtaining valid reasons for such third party transfers, are not taken into account.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has increased the number of parameters including red flag indicators such as third party transfers in exception reports to monitor and identify suspicious transactions on a regular basis.</li></ul> <p>Exception reports are subject to regular review by the compliance department.</p>
AML and CTF – Keeping customer information up-to-date and relevant	<ul style="list-style-type: none"><li>• Get Nice Securities did not stipulate the factors determining the period of review or the definition of a triggering event in its policies. For example, the SFC noted from its sample review that Get Nice Securities did not conduct review on the customers even though the amount of their trading, transfer and/or holdings in their accounts were not commensurate with the customer profile according to the customer due diligence documents.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has implemented a new policy to conduct sample review of customer due diligence documents by the compliance department on a monthly basis to keep customer information up-to-date and relevant.</li></ul> <p>Also, the review of exception reports also triggers the conduct of sample review of customer due diligence documents in respect of those exceptional clients by the compliance department to keep customer information up-to-date and relevant.</p>
Order recordings	<ul style="list-style-type: none"><li>• For some clients who placed their trade orders in person at the office of Get Nice Securities, they were not required to sign off the dealing tickets to acknowledge their order instructions.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has updated its written policies and procedures and communicated with account executives for the requirement of signing off the dealing tickets by clients when they place their trade orders in person at the office of Get Nice Securities to confirm the correctness of the order instruction.</li></ul> <p>Such order records will be subject to regular checks conducted by the compliance department.</p>

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Area of Concern	Deficiencies	Remedial measures implemented
	<ul style="list-style-type: none"> <li>Get Nice Securities allowed its account executives to receive client order instructions through their mobile phones when they were either inside or outside Get Nice Securities' office.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Securities has revised its written policies and procedures and communicated with account executives that receiving client order instructions through mobile phone inside the office premises of Get Nice Securities is prohibited.</li> </ul> <p>Get Nice Securities has reminded its account executives the existing policy that they should immediately call back to the central telephone recording system of Get Nice Securities and record the time of receipt and the order details when they receive order instructions from clients through mobile phone outside the office premises of Get Nice Securities.</p>
Segregation of duties	<ul style="list-style-type: none"> <li>Get Nice Securities did not enforce the control of segregation of duties that prohibits account executives from performing settlement functions.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Securities has laid out policies to enforce the control of segregation of duties in this regard. All account executives are prohibited from performing settlement functions.</li> </ul>
Compliance review of telephone recordings	<ul style="list-style-type: none"> <li>Get Nice Securities agreed to perform review of telephone recordings of account executives on a monthly basis but the SFC noted in its inspections in August 2015 that the last review of the telephone recordings was conducted in January 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Securities has reviewed the telephone recordings of account executives on a monthly basis since September 2015.</li> </ul> <p>The review of telephone recordings will be further reviewed by the compliance department.</p>

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<b>Area of Concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Confirmation of account balances with selected clients	<ul style="list-style-type: none"><li>• It was noted that Get Nice Securities had not yet received some confirmations circulated by an independent audit firm in respect of confirming the stock holdings and cash balances for some clients.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Securities has arranged independent staff to follow up with these particular clients in order to confirm the stock holdings and account balances under such confirmation exercise.</li></ul> <p>Following the reminders for confirmations having been sent out to respective clients via mail, more than half of such clients have responded with the relevant confirmations.</p> <p>Whilst Get Nice Securities will continue to follow up with these clients to confirm their stock holdings and cash balances directly, Get Nice Securities has in the meantime reviewed monthly statements of past 3 months of these clients in order to detect any irregularities and suspicious transactions.</p>



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## BUSINESS

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### Get Nice Futures

The following highlights the material findings of the SFC stated in a letter to Get Nice Futures dated 28 January 2005 after a limited scope review of the business activities of Get Nice Futures by the SFC:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Order recording	<ul style="list-style-type: none"><li>• The order receiving time shown on the dealing tickets which were prepared by two account executives were often later than the order input time according to the HKATS and in some instances were even later than the trade execution times. In addition, one of these account executives did not record the time for order amendments.</li><li>• That account executives were not required to disclose the client identity upon relaying orders to dealers, except for the account executives' own accounts or their related accounts. Dealers would only be informed of the client account when they confirmed the executed orders with the account executives.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Futures had reminded the two account executives to take every steps to ensuring timing promptly for receiving orders including order amendments and the compliance manager will review the dealing tickets of the two account executives on monthly basis.</li><li>• Get Nice Futures had placed the following controls to avoid subsequent dispute on trade allocation:<ul style="list-style-type: none"><li>(i) the account executives have to disclose the client's identity upon relaying orders to dealers if the order is not subject to telephone recording;</li><li>(ii) the account executives are required to disclose the client identity to the dealers upon the order confirmation made by the dealers;</li><li>(iii) the account executives are required to time stamp every order upon receiving; and</li><li>(iv) regularly review the dealing recordings.</li></ul></li></ul>

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Area of concern	Deficiencies	Remedial measures implemented
Margin requirements	<ul style="list-style-type: none"> <li>• From the SFC’s sample review of the margin call process of Get Nice Futures, the SFC noted that Get Nice Futures either did not collect any margin or collected insufficient margin from some clients who had established new positions while the equity on their accounts were insufficient to meet the initial margin requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• The margin shortfall from some clients was mainly due to oversight. Get Nice Futures will actively monitor the requirements under the Hong Kong Futures Exchange Rule 617(b)(i).</li> </ul>
Fund withdrawal	<ul style="list-style-type: none"> <li>• The policy of Get Nice Futures on withdrawal by clients allowed clients to withdraw funds if their account equity balance is above the minimum maintenance margin instead of minimum initial margin as required under paragraph 6.1 of the Guidelines on Margin Procedures.</li> </ul> <p>Get Nice Futures had also allowed funds withdrawals which resulted in the client’s account equity balance to fall below the required maintenance margin deposit level or 80% of the margin requirement calculated based on “Standard Portfolio Analysis of Risk” margin methodology for the options trading client in contrary to paragraph 6.2 of the Guidelines on Margin Procedures.</p>	<ul style="list-style-type: none"> <li>• The fund withdrawal policy had been revised to allow clients to withdraw funds only if their equity balance are above the minimum initial margin.</li> </ul>

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The following highlights the material findings of the SFC stated in a letter to Get Nice Futures dated 11 December 2015 after a limited scope of review of the business activities of Get Nice Futures by the SFC:

<b>Area of concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Margin policy and procedures	<ul style="list-style-type: none"> <li>Although Get Nice Futures generates margin account reports setting out margin status for each client at the end of each day and that its account executives may issue margin calls to clients based on the margin account reports and report to the management on follow-up actions to be taken by the clients, as well as having an intra-day risk management system whereby Get Nice Futures would rely on a real-time monitoring function, it was nevertheless found that Get Nice Futures had not maintained (i) any written margin call policy and procedures and (ii) any records regarding particulars of margin calls made and follow-up actions.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Futures has laid out written margin call policies and procedures in its revised manual.</li> </ul> <p>It has also maintained records of margin calls made and particulars of follow-up actions.</p> <p>The records of margin calls made and particulars of follow-up actions will be approved by a Responsible Officer and subject to review by the compliance department on a regular basis.</p>
Margin control	<ul style="list-style-type: none"> <li>Get Nice Futures classified four clients as established clients after initial assessment by an account executive and subject to further review and approval by a Responsible Officer. However, no documentation of such assessment and approval process was maintained by Get Nice Futures.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Futures has maintained an established clients list which will be assessed and approved by two Responsible Officers.</li> </ul> <p>The documentation of such assessment and approval will be subject to review by the compliance department.</p>

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Area of concern	Deficiencies	Remedial measures implemented
	<ul style="list-style-type: none"> <li>• Get Nice Futures would, by default, grant an initial specified amount of credit limit to each of its new clients at the account opening stage and that it would allow the clients to establish new position within the credit limit, even though the client did not have sufficient excess net equity to meet the margin requirement underlying such margin loan.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Futures has ceased to grant initial specified amount of credit limit to all clients. A client must have sufficient initial margin before he/she establishes a new position.</li> </ul>
Potential temporary use of client money to cover margin requirements of under-margin clients	<ul style="list-style-type: none"> <li>• In order to meet the margin requirements of the HKFE Clearing Corporate Limited (“<b>HKCC</b>”) for the open positions of its clients at the end of a trade day, Get Nice Futures would deposit client money to the HKCC collateral account as cash collateral. As there is no other funding provided to the HKCC collateral account at the day end, there is a risk that the money of the clients who have excess margin may temporarily be applied to satisfy the clearing house’s margin requirement in the cases when there are clients who do not have sufficient net equity held with Get Nice Futures to meet the clearing house margin requirements.</li> </ul> <p>Also, there is a risk of the excess margin of clients being temporarily applied to fulfil the clearing house margin requirements of those clients who do not have sufficient net equity held with Get Nice Futures for the intra-day variation adjustment and margin calls.</p>	<ul style="list-style-type: none"> <li>• Get Nice Futures has separated the client money balances of its under-margin clients from its above-margin clients at the end of each trade day.</li> </ul> <p>Based on the amount of margin requirements requested by HKCC, funding from the house bank account of Get Nice Futures will be provided to the HKCC collateral account at the day end.</p> <p>In respect of the mandatory intra-day variation adjustment and margin calls made by HKCC in relation to the open positions of Get Nice Future’s clients, funding from the house bank account of Get Nice Futures will be provided to the HKCC to meet the clearing house’s margin obligation.</p> <p>As such, money of the above-margin clients would not be temporarily applied to fulfil the clearing house margin requirements of the under-margin clients at the day end, and for the intra-day variation adjustment and margin calls.</p>

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<b>Area of concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Safeguard of client money	<ul style="list-style-type: none"><li>• Instead of advising the settlement staff directly, clients would notify the front office staff upon making direct fund deposit into Get Nice Future's bank account. The front office staff would then inform the settlement staff about the deposit and the client account for which the deposit is made. The settlement staff would then update such details in the back office system accordingly after verifying that payment has been received.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Futures has updated its policy such that all direct fund deposits into Get Nice Future's designated bank accounts shall be communicated with the settlement department directly instead of notifying front office staff. Get Nice Futures has issued a circular to remind all account executives of this policy.</li></ul>
AML and CTF – Institutional risk assessment	<ul style="list-style-type: none"><li>• Although Get Nice Futures would perform institutional risk assessment based on various money laundering and terrorist financing risk factors, such institutional risk assessment results were only discussed between Responsible Officers and senior management and no relevant record had been kept on the process and results of such institutional risk assessment.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Futures has updated the AML/CTF policy that documentation of the process and results of the institutional risk assessment shall be prepared and maintained by the compliance department and circulated to all Responsible Officers and senior management, including our Board, for on-going review in order to be satisfied that AML measures implemented by Get Nice Futures are capable of addressing the money laundering and terrorist financing risks identified.</li></ul>

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Area of concern	Deficiencies	Remedial measures implemented
AML and CTF – Screening terrorist and sanction designation	<ul style="list-style-type: none"><li>• Get Nice Futures had not implemented a system to screen for current terrorist and sanction designation during the process of establishing new clients. There should also be screening of entire client base for any newly published terrorist and sanction designations.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Futures has implemented a new policy to designate a customer service officer to facilitate the screening of current terrorist and sanction designations during the process of account opening.  The designated customer service officer is also responsible for screening the clientele database against newly published terrorist and sanction designations by the relevant authorities under their respective regulatory regimes.  Any exception case will be reported to the compliance department.</li></ul>
AML and CTF – Customer due diligence	<ul style="list-style-type: none"><li>• Get Nice Futures did not obtain sufficient information for corporate clients such as (i) verifying the corporate client's registered office address in their place of incorporation; (ii) record the names of all directors; and (iii) taking reasonable measures to verify the identity of the person authorised to operate the account of the corporate client.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Futures has implemented new policies and procedures to ensure that all required information and documents including company search report are obtained when opening accounts for corporate clients.  Account opening forms will be subject to regular review by the compliance department to ensure the sufficiency of information and compliance with AML requirements.</li></ul>

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Area of concern	Deficiencies	Remedial measures implemented
AML and CTF – Customer risk assessment	<ul style="list-style-type: none"> <li>It was found during the SFC’s sample review that Get Nice Future’s Risk Assessment Form were not comprehensive enough to enable an effective customer risk assessment in identifying and categorising money laundering and terrorist financing risks of the customers.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Futures has revised the Risk Assessment Form, as a documentary record of risk assessment and conclusion, increasing the risk factors to consider for assigning AML and CFT risk rating to clients.</li> </ul>
AML and CTF – identification of foreign and domestic PEP	<ul style="list-style-type: none"> <li>It was noted that although Get Nice Futures would screen the customer account for PEP by undertaking due diligence searches according to its internal policy and procedure, Get Nice Futures however did not retain any documentary evidence for such checking.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Futures has adopted a commercially available database for screening of its client accounts for PEPs, and has also updated its AML/ CTF policy to ensure that relevant records and documents would be maintained and subject to review by the compliance department on a monthly basis.</li> </ul>
AML and CTF – Suspicious transactions monitoring and reporting	<ul style="list-style-type: none"> <li>Although Get Nice Futures monitors the transactions of customers and identify potentially suspicious transactions for further review, there is no exception report or large or irregular transaction report generated for assessing if a transaction has any grounds for suspicion.</li> </ul>	<ul style="list-style-type: none"> <li>Get Nice Futures has increased the number of parameters in exception reports to monitor and identify suspicious transactions on a regular basis.</li> </ul> <p>The exception reports are subject to regular review by the compliance department.</p>



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Area of concern	Deficiencies	Remedial measures implemented
<p>AML and CTF – Keeping customer information up-to-date and relevant</p>	<ul style="list-style-type: none"> <li>• Get Nice Futures did not stipulate the factors determining the period of review or the definition of a triggering event in its policies. For example, the SFC noted from its sample review that Get Nice Futures did not conduct review on the customers even though the amount of their trading, transfer and/or holdings in their accounts were not commensurate with the customer profile according to the customer due diligence documents.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Futures has implemented a new policy to conduct sample review of customer due diligence documents by the compliance department on a monthly basis to keep customer information up-to-date and relevant.</li> </ul> <p>Also, the review of exception reports also triggers the conduct of sample review of customer due diligence documents of those exceptional clients by the compliance department to keep customer information up-to-date and relevant.</p>
<p>Confirmation of account balances with selected clients</p>	<ul style="list-style-type: none"> <li>• It was noted that Get Nice Futures had not received some confirmations circulated by an independent audit firm in respect of confirming the account balances for some clients.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Futures has arranged independent staff to follow up with these particular clients in order to confirm the account balances.</li> </ul> <p>Following the reminders for confirmations having been sent out to respective clients via mail, more than half of such clients have responded with the relevant confirmations.</p> <p>Whilst Get Nice Futures will continue to follow up with these clients to confirm their account balances directly, Get Nice Futures has reviewed monthly statements of past 3 months of these clients in order to prevent or detect any irregularities or suspicious transactions.</p>

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## BUSINESS

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### Get Nice Capital

The following highlights the material findings of the SFC stated in a letter to Get Nice Capital dated 23 February 2010 after a limited scope review of the business activities of Get Nice Capital by the SFC:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Client agreement	<ul style="list-style-type: none"><li>• From the SFC's sample review, the SFC noted that Get Nice Capital conducted 5 deals involving drafting announcement for clients to the Stock Exchange regarding top-up placement of shares in 2009 without entering into a written agreement with respective clients. The scope of work and the fee was covered in a specific clause in the underwriting agreement between the clients and Get Nice Securities but Get Nice Capital was not a party to the underwriting agreement.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Capital will enter into separate written agreement with each client before services are provided.</li></ul>
Staff dealing	<ul style="list-style-type: none"><li>• Get Nice Capital allowed Relevant Persons (as defined in the Corporate Finance Adviser Code of Conduct ("CFACC")) to deal through external brokers and banks. However, Get Nice Capital did not maintain a watchlist and restricted list to prohibit staff dealing in the securities of Get Nice Capital's potential and existing clients and to avoid conflicts of interest.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Capital had maintained a watchlist and restricted list to prohibit staff dealing in the securities of Get Nice Capital's potential and existing clients as required under paragraph 8.2 of CFACC, which had been circulated to all staff of Get Nice Capital.</li></ul>

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<b>Area of concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Independent declaration and undertaking	<ul style="list-style-type: none"><li>• Form the SFC's sample review of the independent financial advisory services provided by Get Nice Capital to a listed company, the SFC noted that Get Nice Capital had submitted its independence declaration and undertaking to the Stock Exchange after agreeing its terms of engagement with that listed company. Such practice was not in compliance with Rule 13.85 of the Listing Rules.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Capital will strictly comply with the requirements regarding the independence declaration and undertaking under Rule 13.85 of the Listing Rules.</li></ul>

The following highlights the material findings of the SFC stated in a letter to Get Nice Capital dated 28 November 2013 after a limited scope review of the business activities of Get Nice Capital by the SFC:

<b>Area of concern</b>	<b>Deficiencies</b>	<b>Remedial measures implemented</b>
Deficient record keeping system	<ul style="list-style-type: none"><li>• Get Nice Capital has failed to maintain proper books and records and was unable to provide a proper trail of work done upon request by the SFC.</li></ul>	<ul style="list-style-type: none"><li>• Get Nice Capital has a revised policy on documentation keeping and will maintain and save all the documents and correspondence records of all the transactions involved in order to demonstrate our due diligence work done and to provide a proper trail of work done upon request.</li></ul>

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Area of concern	Deficiencies	Remedial measures implemented
<p>Poor due diligence performed</p>	<ul style="list-style-type: none"> <li>• Get Nice Capital has not acted with due skill, care and diligence when performing their due diligence works.</li> </ul> <p>In one of the transaction whereby Get Nice Capital acted as an independent financial adviser for a Hong Kong listed company, Get Nice Capital failed to independently assess and verify a particular information regarding annual cap of a contract of the client. Get Nice Capital relied on the information provided by the client and did not obtain updated calculations of the final annual caps figures. In a related transaction of the same, Get Nice Capital had inadvertently made an inaccurate disclosure in its client's circular in respect of the sum of a connected transaction sales.</p>	<ul style="list-style-type: none"> <li>• Get Nice Capital has implemented a more stringent quality control procedure over the due diligence work performed and a Responsible Officer of Get Nice Capital, who is not part of the transaction will be assigned as a quality control reviewer.</li> </ul>
<p>Failure to conduct independence check on transaction team members</p>	<ul style="list-style-type: none"> <li>• Get Nice Capital failed to perform independence checks on its transaction team members prior to accepting an appointment as an independent financial adviser.</li> </ul>	<ul style="list-style-type: none"> <li>• Get Nice Capital has adopted a revised policy on independence checks and will require all team members of the proposed transaction to go through independence checks prior to accepting appointments as independent financial advisors of a transaction. <i>(Note 1)</i></li> </ul>

*Note:*

1. *Get Nice Capital has not acted as independent financial advisors since the limited review by the SFC in November 2013.*

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### Pacific Challenge Securities

The following highlights the material findings of the SFC stated in a letter to Pacific Challenge Securities dated 4 December 2015 after a limited scope of review of the business activities of Pacific Challenge Securities by the SFC:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Unidentified deposits	<ul style="list-style-type: none"><li>It was noted that Pacific Challenge Securities had treated as sundry income for some unidentified deposits which the firm was unable to ascertain whether such amounts was client money for over 7 years. Pacific Challenge Securities then subsequently transferred the money from the segregated bank account for client money to its house bank account.</li></ul>	<ul style="list-style-type: none"><li>Pacific Challenge Securities has transferred the unidentified deposits which have been unidentified for 7 years from its house bank account to the segregated bank account for client money.</li></ul> <p>Pacific Challenge Securities has updated its policy of handling unidentified receipts such that the settlement department would be responsible for requesting relevant banks for the details of depositors of those unidentified deposits outstanding for more than 1 month that are larger than a certain monetary threshold. If the depositor is identified not to be a client of Pacific Challenge Securities, arrangements with the bank will be made to return the money to the depositor within 1 month.</p> <p>Pacific Challenge Securities has revisited the full list of unidentified deposits and its settlement department is following up with relevant banks.</p>

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Area of concern	Deficiencies	Remedial measures implemented
Licensing issue	<ul style="list-style-type: none"> <li>It was noted that although Pacific Challenge Securities holds several licenses for regulated activities for a number of years, it has not conducted any such regulated activities for which it is licensed and there is no concrete business plan to resume such regulated activities in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Although the clients of Pacific Challenge Securities have no active trading activities, Pacific Challenge Securities has been holding securities and money for its clients since the grant of the relevant licenses. Such custodian functions generate handling fees for Pacific Challenge Securities which it regards as still carrying on regulated activities.</li> </ul> <p>Pacific Challenge Securities understands its responsibility to ensure compliance with applicable regulatory requirements in this regard and will inform the SFC in the event that it ceases carrying on any regulated activities.</p>
Confirmation of account balances with selected clients	<ul style="list-style-type: none"> <li>It was noted that Pacific Challenge Securities had not yet received some confirmations circulated by an independent audit firm in respect of confirming the stock holdings and cash balances for some clients because these clients remain un-contactable.</li> </ul>	<ul style="list-style-type: none"> <li>Pacific Challenge Securities has arranged independent staff to follow up so as to establish contact and confirm the stock holdings and cash balances with these clients. In the meantime, Pacific Challenge Securities has also reviewed monthly statements of past 3 months of these particular clients in order to prevent or detect any irregularities or suspicious transactions.</li> </ul>

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### eCapitalist.com

The following highlights the material findings of the SFC stated in a letter to eCapitalist.com dated 4 December 2015 after a limited scope of review of the business activities of eCapitalist.com by the SFC:

<u>Area of concern</u>	<u>Deficiencies</u>	<u>Remedial measures implemented</u>
Licensing issue	<ul style="list-style-type: none"><li>It was noted that although eCapitalist.com holds several licenses for regulated activities for a number of years, it has not conducted any regulated activities for which it is licensed and there are no concrete business plan to resume such regulated activities in the future.</li></ul>	<ul style="list-style-type: none"><li>Although the clients of eCapitalist.com have no active trading activities, eCapitalist.com has been holding securities and money for its clients since the grant of the relevant licenses. Such custodian functions generate handling fees for eCapitalist.com which it regards as still carrying on regulated activities. eCapitalist.com understands its responsibility to ensure compliance with applicable regulatory requirements in this regard and will inform the SFC in the event that it ceases carrying on any regulated activities.</li></ul>

In response to the SFC's material findings as highlighted above, necessary remedial actions have been carried out accordingly. Save for the remedial actions in response to the SFC's material findings set out in its letters dated 4 December 2015 in respect of Get Nice Securities, Pacific Challenge Securities and eCapitalist.com and letter dated 11 December 2015 in respect of Get Nice Futures which are still under the SFC's review, the SFC has no further comment on all other remedial actions taken by us.

### NON-COMPLIANCE AND DISCIPLINARY ACTIONS

Our Directors confirm that save as disclosed in this prospectus, we have complied with all applicable laws and regulations in all material respects in Hong Kong (being the principal jurisdiction in which we operate) which are material to the business and operations of our Group, and no formal 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:

#### Non-compliance with Inland Revenue Ordinance (the "IRO")

- (i) Section 52(4) of the IRO: Based on our record kept for the past seven years, our Group failed to file within the prescribed time limit under section 52(4) of the IRO the notice (Form 56E) regarding the commencement of employment of 51 employees.



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- (ii) Section 52(5) of the IRO: Based on our record kept for the past seven years, our Group failed to file within the prescribed time limit under section 52(5) of the IRO the notice (Form 56F) regarding the cessation of employment of 75 employees.

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

Upon inquiry with the Inland Revenue Department in late September 2015 by calling the general enquiry hotline of the Inland Revenue Department, we were informed that the outstanding Forms 56E and 56F were not required to be submitted since the relevant employer's return of remuneration & pensions (Forms 56B) had been submitted. As such, the Directors confirm that there are no further rectification actions in respect of the above breaches. We will appoint a member of staff who is familiar with the relevant requirements under the IRO to monitor the compliance by our Group in this aspect and we will maintain a checklist for the documents required to be filed by each of our incoming and outgoing employees, including, amongst others, Form 56E and Form 56F, to ensure ongoing compliance.

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## CONNECTED TRANSACTIONS

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### CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will constitute continuing connected transactions under Chapter 14A of the Listing Rules:

#### A. Financing Services Agreements

Prior to the Listing, our Group has provided securities margin financing services to certain Directors and senior management and their respective associates (collectively, the “**Connected Parties**”), in the ordinary and usual course of business of our Group and on normal commercial terms. It is expected that after the Listing, our Group will continue to provide these services to the Connected Parties. As such, the provision of the securities margin financing services to the Connected Parties will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

The relevant Directors and senior management and their respective associates with whom our Group has entered into continuing connected transactions are as follows:

<u>Connected Parties</u>	<u>Relationships with our Group</u>	<u>Aggregation of transactions</u>
Mr. Shum Kin Wai, Frankie (“ <b>Mr. Shum</b> ”)	an executive Director and our managing director	Mr. Shum and his associates (including his family members) (collectively, “ <b>Mr. Shum’s Group</b> ”)
Mr. Hung Sui Kwan (“ <b>Mr. SK Hung</b> ”)	an executive Director and our chief executive officer	Mr. SK Hung and his associates (including his family members) (collectively, “ <b>Mr. SK Hung’s Group</b> ”)
Mr. Kam Leung Ming (“ <b>Mr. Kam</b> ”)	an executive Director and company secretary	Mr. Kam and his associates (including his family members) (collectively, “ <b>Mr. Kam’s Group</b> ”)
Mr. Hung Hon Man (“ <b>Mr. HM Hung</b> ”)	a non-executive Director and the chairman of our Board	Mr. HM Hung and his associates (including his family members) (collectively, “ <b>Mr. HM Hung’s Group</b> ”)
Mr. Cheng Wai Ho (“ <b>Mr. Cheng</b> ”)	our Responsible Officer for securities and futures and options broking business	Mr. Cheng and his associates (including his family members) (collectively, “ <b>Mr. Cheng’s Group</b> ”)
Mr. Ng Hon Sau Larry (“ <b>Mr. Ng</b> ”)	our Responsible Officer for securities and futures segment	Mr. Ng and his associates (including his family members) (collectively, “ <b>Mr. Ng’s Group</b> ”)

## CONNECTED TRANSACTIONS

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

### *Historical figures*

During the Track Record Period, the Connected Parties had maintained securities trading accounts with our Group and obtained securities margin financing services from our Group. The daily maximum amounts of securities margin financing advanced by our Group and the amounts of interest income received from the provision of securities margin financing from each of the relevant Connected Parties for the three years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015 are set out as below:

<b>Connected Parties</b>		<b>Year ended 31 March</b>			<b>Eight months ended 30 November</b>
		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Mr. SK Hung's Group	Daily maximum amounts of securities margin financing . . . . .	2,505,441	593,823	640,892	1,457,848
	Total interest income received . . . . .	54,090	55,308	57,264	39,505
Mr. HM Hung's Group	Daily maximum amounts of securities margin financing . . . . .	3,337,038	568,704	2,575,831	2,514,343
	Total interest income received . . . . .	84,403	3,838	15,769	45,567

### *Pricing policy*

During the Track Record Period, the interest rate charged to each of Connected Parties was no less favourable to our Group than the rates offered to other clients of our Group who are Independent Third Parties and in accordance with the pricing policy of our Group.

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## CONNECTED TRANSACTIONS

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On 16 March 2016, our Group entered into agreements (collectively, “**Financing Services Agreements**”) with each of Mr. Shum, Mr. SK Hung, Mr. Kam, Mr. HM Hung, Mr. Cheng and Mr. Ng, pursuant to which our Group may, upon request, provide to each of them (where applicable, including their associates) securities margin financing services, from time to time on normal commercial terms at the interest rate no less favourable to our Group than the rates offered to other clients of our Group who are Independent Third Parties and in accordance with the pricing policy of our Group from time to time. Each of the Financing Services Agreements is for a term commencing from the Listing Date and ending on 31 March 2019.

### *Annual caps*

The proposed annual caps of (i) securities margin financing (“**Margin Annual Cap(s)**”) (being the daily maximum amounts of securities margin financing to be advanced to each of the Connected Parties); and (ii) interest to be received from the provision of securities margin financing from each of the Connected Parties (“**Interest Annual Cap(s)**”) for each of the three years ending 31 March 2019 will not exceed HK\$3 million.

In determining the proposed Margin Annual Caps, our Directors have taken into consideration the following factors: (i) the highest historical daily maximum amount of securities margin financing advanced to the relevant Connected Parties during the three years ended 31 March 2015; (ii) the expected share trading volume of the relevant Connected Parties for the three years ending 31 March 2019; and (iii) the expected economic conditions and market sentiments of the securities markets and the expected low interest environment of Hong Kong for the three years ending 31 March 2019.

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

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## CONNECTED TRANSACTIONS

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### B. Broking Services Agreements

#### *Historical figures*

The aggregate amount of commission paid by each of the Connected Parties for the Broking Services provided by our Group for the three years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015 are set out as below:

Connected Parties	Year ended 31 March			Eight months ended 30 November
	2013	2014	2015	2015
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Mr. Shum's Group . . . . .	6,686	4,224	8,236	14,785
Mr. SK Hung's Group . . . . .	7,089	50	45,013	12,292
Mr. Kam's Group . . . . .	–	–	–	1,243
Mr. HM Hung's Group . . . . .	23,563	2,936	33,015	929,584
Mr. Cheng's Group . . . . .	19,359	36,359	16,333	23,096
Mr. Ng's Group . . . . .	–	1,326	–	1,209

During the Track Record Period, the commission rate charged to each of the Connected Parties was within the range of broking commission rate charged by our Group to other clients who were Independent Third Parties.

On 16 March 2016, our Group entered into agreements (collectively, “**Broking Services Agreements**”) with each of Mr. Shum, Mr. SK Hung, Mr. Kam, Mr. HM Hung, Mr. Cheng and Mr. Ng, pursuant to which our Group may, upon request, provide to each of them (where applicable, including their associates) the Broking Services, from time to time on normal commercial terms at the rates no less favourable to our Group than the rates offered to other clients of our Group who are Independent Third Parties. Each of the Broking Services Agreements is for a term commencing from the Listing Date and ending on 31 March 2019.

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## CONNECTED TRANSACTIONS

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### *Annual caps*


Having taken into account (i) the historical commission paid by the Connected Parties for the Track Record Period; (ii) the existing standard commission rate and the standard minimum charge; (iii) the expected transaction value for the three years ending 31 March 2019; and (iv) the expected economic conditions and market sentiments of securities markets in Hong Kong for the three years ending 31 March 2019, our Directors expect that the aggregate amounts of commission payable by each of the Connected Parties for each of the three years ending 31 March 2019 will not exceed HK\$3 million:

Please also refer to the section headed “Business – Current Internal Control Procedures – Operational Controls – Dealing practices – (iv) Employee dealing” in this prospectus for details of the measures taken in connection with dealings by employees, including the executive Directors, to avoid actual or potential conflict of interest and duty.

### **C. Tenancy Agreement**

On 16 March 2016, we, as landlord, and GN Holdings, as tenant, entered into a tenancy agreement (“**Tenancy Agreement**”) in respect of part of the premises located at 10th Floor, Cosco Tower, Grand Millennium Plaza, 183 Queen’s Road Central, Hong Kong which is for office use with a total area of 285.8 square meters. Pursuant to the Tenancy Agreement, GN Holdings agreed to lease the said premises for a term of three years commencing from 1 April 2016 to 31 March 2019 with a monthly rent of HK\$210,000 (i.e. representing an annual rent of HK\$2,520,000)

### **D. Trademark License Agreement**

On 16 March 2016, we, as licensee, and GN Holdings, as licensor, entered into a trademark license agreement (“**Trademark License Agreement**”) pursuant to which GN Holdings has granted a non-exclusive right to our Company to use the trademark “” with no consideration commencing from the date of the agreement to 31 March 2018 with an option granted to us to renew for one year.

## **LISTING RULES IMPLICATIONS**

Our Directors expect that the applicable percentage ratios under Chapter 14A of the Listing Rules for each of the Financing Services Agreements, Broking Services Agreements, Tenancy Agreement and Trademark License Agreement on an annual basis will be less than 5% and the annual cap will be less than HK\$3 million, hence the continuing connected transaction contemplated thereunder is exempt from the annual review, reporting, announcement and independent shareholders’ requirements under Chapter 14A of the Listing Rules.

## **CONFIRMATION OF OUR DIRECTORS**

Our Directors (including our independent non-executive Directors) are of the view that (i) each of the continuing connected transactions mentioned above has been entered into in the ordinary and usual course of our business, on normal commercial terms or better that are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) the proposed annual caps for each of the continuing connected transactions above are fair and reasonable and in the interests of our Shareholders as a whole and if the above annual caps exceed, we will comply with the relevant Listing Rules as and when appropriate and necessary.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### OVERVIEW

Our Board currently consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. All Directors are elected by the general meeting for a term of three years and their positions are renewable upon re-election. The major functions and powers of our Board include, but are not limited to, convening the general meetings, reporting its own performance at the general meetings, implementing the resolutions passed at the general meetings, deciding on the operating plans and investment plans of our Company, formulating annual financial budget and final accounts plans, formulating profit distribution plans and plans on loss coverage etc. and exercising other powers as conferred by the Articles of Association. The tables below set out information regarding our Directors and senior management:

### DIRECTORS

Name	Age	Present position	Responsibility	Date of appointment as a Director	Date of joining our Group	Relationship with other Directors and senior management
<b>Executive Directors</b>						
Mr. Shum Kin Wai, Frankie ( 岑建偉 )	70	Executive Director and managing director	In charge of the securities broking and securities margin financing division of our Group	24 September 2015	Co-founder	None
Mr. Hung Sui Kwan ( 洪瑞坤 )	46	Chief executive officer and executive Director	Overall corporate strategy and daily operations of our Group, including business development and overall management	24 September 2015	August 2000	Nephew of Mr. Hung Hon Man, being the chairman of our Board and our non-executive Director
Mr. Kam Leung Ming ( 甘亮明 )	41	Executive Director and company secretary	Overall responsibility for the finance and accounting division of our Group as well as company secretarial work of our Group	Appointed as our Director on 31 August 2015 and was re-designated as our executive Director on 24 September 2015	August 2009	None

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Present position	Responsibility	Date of appointment as a Director	Date of joining our Group	Relationship with other Directors and senior management
<b>Non-executive Director</b>						
Mr. Hung Hon Man (洪漢文)	61	Chairman of our Board and our non-executive Director  Member of the nomination and remuneration committees	Consultative and supervisory role in matters concerning our Group	Appointed as a Director on 31 August 2015 and re-designated as our non-executive Director on 24 September 2015	Co-founder	Uncle of Mr. Hung Sui Kwan, being our chief executive officer and executive Director
<b>Independent non-executive Directors</b>						
Ms. Ng Yau Kuen, Carmen (吳幼娟)	40	Independent non-executive Director  Chairman of the audit, nomination and remuneration committees	Providing independent advice to our Board in areas including conflict of interests, strategy, performance, resources, standard of conduct of our Company	16 March 2016	16 March 2016	None
Mr. Cheung Chi Kong, Ronald (張志江)	42	Independent non-executive Director  Member of the audit, nomination and remuneration committees	Providing independent advice to our Board in areas including conflict of interests, strategy, performance, resources, standard of conduct of our Company	16 March 2016	16 March 2016	None



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Name	Age	Present position	Responsibility	Date of appointment as a Director	Date of joining our Group	Relationship with other Directors and senior management
Mr. Chan Ka Kit ( 陳家傑 )	46	Independent non-executive Director  Member of the audit, nomination and remuneration committees	Providing independent advice to our Board in areas including conflict of interests, strategy, performance, resources, standard of conduct of our Company	16 March 2016	16 March 2016	None

### Executive Directors

**Mr. Shum Kin Wai, Frankie (岑建偉)**, aged 70, was appointed as our executive Director and managing director on 24 September 2015. He is primarily responsible for the securities broking and securities margin financing business. Before completion of the Spin-off, Mr. Shum was the managing director and an executive director of GN Holdings. He will resign from the aforementioned posts prior to the Listing. In those posts he was responsible for the formulation of corporate strategy, and for the dealing, settlement and credit operations of GN Holdings Group. Mr. Shum has over 29 years of experience in the securities business.

The following is a summary of all the disciplinary findings or investigations against Mr. Shum up to the Latest Practicable Date.

*Knowingly condoning the performance of functions of a dealer without being registered as a dealer's representative by Get Nice Investment, now known as Get Nice Securities, and Mr. Shum*

During the period between September 1993 and March 1994, an individual who had been recruited as a settlement clerk of Get Nice Securities, apart from performance of his settlement clerk duties, received orders from his clients to buy and sell securities, made arrangements for execution of such orders so received, and confirmed execution of such orders with his clients.

Enforcement actions were taken by both the SFC and the Stock Exchange in 1996 on the ground that Get Nice Securities and Mr. Shum knowingly condoned the settlement clerk performing the functions of a dealer on behalf of Get Nice Securities without being registered as a dealer's representative. As a result, each of Get Nice Securities and Mr. Shum was fined in respect of the action taken by the SFC for a sum of HK\$7,000 for a breach of section 50 of the now repealed Securities Ordinance and was also publicly reprimanded by the SFC. In connection with the actions brought by the Stock Exchange, Get Nice Securities was subject to a penalty of internal censure plus a fine of HK\$20,000, and Mr. Shum was subject to a penalty of internal censure plus a fine of HK\$10,000.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### *Unregistered dealing activities condoned by Mr. Shum*

During the period from 7 April 1994 to 25 October 1994, New Land Promotion Limited (“**New Land**”), a company incorporated in Hong Kong, had without proper registration carried on a business of dealing in securities in a manner that facilities were offered by New Land to enable its clients to trade in securities. This was done through a securities trading account maintained by New Land at Get Nice Securities so as to facilitate the trading of shares by New Land’s clients.

As a result of the incident, Mr. Shum was publicly reprimanded by the SFC in 1996 for allowing unregistered dealing activities of New Land to be carried out.

### *Improper account opening procedures of Get Nice Securities*

In June 1999, a private reprimand was issued by the SFC to Get Nice Securities on the basis that Mr. Shum, one of the dealing directors of Get Nice Securities, had failed to sign certain account opening documentation to signify his review and approval of such documentation, and that attempt was made to regularise such situation by another director of Get Nice Securities at the time, not involved with the opening of the account by subsequently signing the documentation evidencing approval. In October 1999, a private reprimand was issued by the Stock Exchange to Get Nice Securities for the same incident.

### *Breach of Practice Note 18 of the Listing Rules by Get Nice Securities and Mr. Shum*

In October 2000, Get Nice Securities and Mr. Shum, one of its dealing directors, were publicly reprimanded by the SFC for allowing two clients to subscribe through Get Nice Securities shares from both the public offer tranche and the placing tranche of the listing of a stock in December 1998, which was in breach of the requirements under Practice Note 18 to the Listing Rules. The SFC also concluded that the findings impugned the fitness and properness of Get Nice Securities and the relevant dealing director as registered persons. The Directors wish to point out that the breach made by Get Nice Securities and Mr. Shum was unintentional and was to the lack of underwriting experience of GN Holdings Group at the material time.

### *Breach of the Stock Exchange Trading Rules and lack of audit trails*

In July 2003, Get Nice Securities and its directors, Mr. Hung Hon Man and Mr. Shum Kin Wai, Frankie were reprimanded by the SFC based on the following findings of the SFC:

1. Through Get Nice Securities’ arrangement, certain shares in a listed company (the “**Relevant Listco**”) were transferred from a third party to one of Get Nice Securities’ clients on 17 January 2000, when trading in the Relevant Listco’s shares was suspended. By this transaction, Get Nice Securities was in breach of Rule 539 of the Stock Exchange Trading Rules, which prohibits a member of the Stock Exchange from dealing in suspended securities.
2. Get Nice Securities failed to ensure that its margin financing business conducted via Get Nice Finance was conducted properly. The SFC found that Get Nice Securities did not have proper credit controls in relation to the transactions of the client involved in the above transaction. Despite little knowledge of the client’s background and financial status, and a large debit balance in the client account in Get Nice Finance, Get Nice Securities allowed large purchase transactions in the account.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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3. There was no proper audit trail when the client withdrew the proceeds of the subsequent sale of the above shares from the client account between January and March 2000. The SFC found that of the three cheque withdrawals recorded at Get Nice Finance as being payable to the client, one cheque had been altered to cash, another had been altered to be payable to a third party and the remaining cheque had been paid to a company controlled by Mr. Hung Hon Man. There was no clear audit trail as to the change of the original cheque payee to cash or to a third party.
4. There were also inadequate controls in place to ensure that the relevant cheques were collected by authorised parties or delivered to the client.
5. The incidents detailed above indicated that Get Nice Securities did not have proper procedures or guidelines to:
  - prevent dealing in suspended stocks; and
  - ensure that its margin financing business was being conducted properly by ensuring that proper audit trails for the issuance, alteration and delivery of cheques were instituted and followed.

As a result of the above findings, the SFC concluded that the fitness and properness of Get Nice Securities as a licensed corporation had been called into question and decided to reprimand it.

6. Mr. Hung Hon Man, who knew the shares of the Relevant Listco were suspended at the time, directed the staff of Get Nice Securities to arrange for the off-market transfer of certain Relevant Listco shares on 17 January 2000. He failed to realise that dealing in suspended securities was prohibited and caused Get Nice Securities to breach Rule 539 of the Stock Exchange Trading Rules.
7. Mr. Hung Hon Man also participated in the handling of the client's account including approving margin financing to the client and settlement-related matters. The SFC found that he was also responsible for Get Nice Securities' failures in lacking proper credit controls and a proper audit trail of fund withdrawals. Therefore, the SFC concluded that the fitness and properness of Mr. Hung Hon Man has been called into question and decides to reprimand him.
8. Mr. Shum was a director at Get Nice Securities responsible for the supervision of its regulated business at the relevant time. The SFC found that Mr. Shum was also responsible for Get Nice Securities' failures and concludes that his fitness and properness has been called into question and decided to reprimand him.
9. Get Nice Securities has as a result, included in its operational and procedural manual, a rule to prohibit dealings in suspended securities by our staff as part of the remedial measure.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor consider that Mr. Shum is suitable and able to perform his role as an executive Director under Rules 3.08 and 3.09 of the Listing Rules on the following bases:

1. The disciplinary actions of Mr. Shum did not raise issues of integrity of Mr. Shum.
2. Our Group has taken the following remedial measures upon being aware of the issues raised by the SFC:
  - Our Group has included in its operational and procedural manual a rule to prohibit dealing in suspended securities by its staff; and
  - Get Nice Securities has included in its operational and procedural manual a rule to ensure that an audit trail must be left with regards to all "over-the-counter" trades.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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3. Our Company has also engaged an independent internal control consultant to conduct a review of our Group's internal control system in May 2015. The internal control consultant has not raised any issue in its report to the internal control deficiencies identified by the SFC from the incidents above.
4. The internal control consultant has not discovered any material deficiencies in our Group's internal control system. We believe that the internal control of our Group is sufficient to ensure due compliance with all laws and regulations going forward and this could be demonstrated by GN Holdings Group's overall compliance record in the past 13 years. GN Holdings Group has not been subject to any formal disciplinary action or been publicly reprimanded by the SFC or the Stock Exchange since 2003.
5. Our Company has adopted, as part of its internal control system, a management override policy. If an employee is directed by a director to depart from our Company's policy and he/she believes that the direction might constitute a violation of our Company's code of conduct or has concerns about our Company's accounting, internal control and auditing matters, he/she should report the matter to the compliance manager of our Company or if it is inappropriate to report to the compliance manager, to the audit committee of our Company. This would prohibit a director to exert undue influence on the operations of the business as the employees have a channel to voice out their concerns if they believe that the Director/senior management is violating our Company's policy without reason.
6. Mr. Shum has placed strong focus on the compliance and corporate governance since the reprimand in 2003 and have not been subject to any personal disciplinary action or reprimanded by the SFC or the Stock Exchange since then. It can be shown from Mr. Shum's personal training records as well as our Group's compliance record since 2003 that Mr. Shum has shown due respect to the rules and regulations applicable to them as directors of a listed company and a licensed corporation and, for Mr. Shum, as a Responsible Officer.
7. Mr. Shum has been a Responsible Officer under the SFO since 2003 and has continued to be a Responsible Officer without any interruption after the reprimand by the SFC in 2003. We are of the view that Mr. Shum is fit and proper to conduct licensed activities of a securities brokerage company given his track record in the past 13 years. As a Responsible Officer, Mr. Shum has attended continuous professional training during the Track Record Period on matters relating to the regulated activities which he/she is accredited.

**Mr. Hung Sui Kwan (洪瑞坤)**, aged 46, was appointed as our executive Director on 24 September 2015. He is also our chief executive officer. Mr. Hung is primarily in charge of our Group's overall corporate strategy and the daily operations of our Group, including business development and overall management. Mr. Hung Sui Kwan joined GN Holdings in August 2000. He was appointed as an executive director and the chief executive officer of GN Holdings on 28 April 2011 and was responsible for the overall operation and development of business. He will resign from the aforementioned posts prior to the Listing. During the period from 2002 to April 2011, Mr. Hung Sui Kwan was the company secretary of GN Holdings and was responsible for executing capital market and merger and acquisition activities of GN Holdings. Mr. Hung Sui Kwan is also a Responsible Officer under the SFO for regulated activity "advising on corporate finance". He is currently an independent non-executive director of Silver Base Group Holdings Limited (Stock Code: 00886), the issued shares of which are listed on the Main Board of the Stock Exchange. Mr. Hung Sui Kwan holds a bachelor of science degree from the University of Hong Kong and is a fellow member of The Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Hung Sui Kwan is a nephew of Mr. Hung Hon Man, our non-executive Director and the chairman of our Board.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Mr. Kam Leung Ming (甘亮明)**, aged 41, was appointed as our Director on 31 August 2015 and was re-designated as our executive Director on 24 September 2015. Mr. Kam is primarily responsible for the finance and accounting division of our Group as well as being the company secretary of our Group. Before completion of the Spin-off, Mr. Kam was the company secretary of GN Holdings, he will resign from the aforementioned posts prior to the Listing. Mr. Kam holds a bachelor's degree in accountancy and a master's degree in corporate governance from the Hong Kong Polytechnic University. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of The Institute of Chartered Accountants in England and Wales, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. He has over 19 years of experience in auditing, professional accounting, financial management and business administration. Prior to joining GN Holdings Group in 2009, Mr. Kam worked for two Hong Kong listed companies namely, Hutchison Harbour Ring Industries Limited (now known as China Oceanwide Holdings Limited) (Stock Code: 00715) and Mandarin Entertainment (Holdings) Limited (now known as Cheung Wo International Holdings Limited) (Stock Code: 00009) and served management roles in financial management. He is currently an independent non-executive Director for Casablanca Group Limited (Stock Code: 02223).

### **Chairman and non-executive Director**

**Mr. Hung Hon Man (洪漢文)**, aged 61, was appointed as our Director on 31 August 2015 and was re-designated as our non-executive Director on 24 September 2015. He was appointed as the chairman of our Board on 16 March 2016. His appointment as member of both the remuneration and nomination committees will take effect on the Listing Date. Mr. Hung Hon Man is the chairman of the board of GN Holdings and the founder of GN Holdings. He is responsible for the formulation of corporate strategy and the envisaging the future direction of GN Holdings. Mr. Hung Hon Man is also responsible for overseeing the credit operation segment of the Remaining Group. Mr. Hung Hon Man possesses over 21 years of experience in the securities industry in Hong Kong. Upon completion of the Spin-off, Mr. Hung Hon Man will take a consultative and supervisory role in matters concerning our Group and will not be involved in the day-to-day management of our Group.

In July 2003, Mr. Hung Hon Man was reprimanded by the SFC together with Get Nice Securities and Mr. Shum Kin Wai, Frankie based on the findings of the SFC. For details of the incidents above, please refer to the paragraph headed "Executive Directors – Breach of the Stock Exchange Trading Rules and lack of audit trails" in this section of this prospectus.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor consider that Mr. Hung Hon Man is suitable and able to perform his role as a non-executive Director under Rules 3.08 and 3.09 of the Listing Rules on the following bases:

1. The disciplinary actions of Mr. Hung Hon Man did not raise issues of integrity of Mr. Hung Hon Man.
2. Get Nice Securities has taken the following remedial measures upon being aware of the issues raised by the SFC:
  - Get Nice Securities has included in its operational and procedural manual a rule to prohibit dealing in suspended securities by its staff; and
  - Get Nice Securities has included in its operational and procedural manual a rule to ensure that an audit trail must be left with regards to all "over-the-counter" trades.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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3. Our Company has also engaged an independent internal control consultant to conduct a review of our Group's internal control system in May 2015. The internal control consultant has not raised any issue in its report to the internal control deficiencies identified by the SFC from the incidents in question.
4. The internal control consultant has not discovered any material deficiencies in our Group's internal control system. We believe that the internal control of our Group is sufficient to ensure due compliance with all laws and regulations going forward and this could be demonstrated by GN Holdings Group's overall compliance record in the past 13 years. GN Holdings Group has not been subject to any formal disciplinary action or been publicly reprimanded by the SFC or the Stock Exchange since 2003.
5. Our Company has adopted, as part of its internal control system, a management override policy. If an employee is directed by a director to depart from our Company's policy and he/she believes that the direction might constitute a violation of our Company's code of conduct or has concerns about our Company's accounting, internal control and auditing matters, he/she should report the matter to the compliance manager of our Company or if it is inappropriate to report to the compliance manager, to the audit committee of our Company. This would prohibit a director to exert undue influence on the operations of the business as the employees have a channel to voice out their concerns if they believe that the Director/senior management is violating our Company's policy without reason.
6. Mr. Hung Hon Man has placed strong focus on the compliance and corporate governance since the reprimand in 2003 and have not been subject to any personal disciplinary action or reprimanded by the SFC or the Stock Exchange since then. It can be shown from Mr. Hung Hon Man's personal training records as well as our Group's compliance record since 2003 that Mr. Hung Hon Man has shown due respect to the rules and regulations applicable to him as director of a listed company.
7. Mr. Hung Hon Man has been the director of GN Holdings, which is our Company's holding company, since its listing in 2002 and continues to be a director of GN Holdings. As a director of a listed company, Mr. Hung Hon Man has participated in continuous professional development during the Track Record Period to develop and refresh his knowledge and skills in relation to the Listing Rules and his duties as a director of a listed company.

### Independent non-executive Directors

**Ms. Ng Yau Kuen, Carmen (吳幼娟)**, aged 40, was appointed as an independent non-executive Director on 16 March 2016. Her appointment as the chairman of the remuneration, nomination and audit committees will take effect on the Listing Date. Ms. Ng had worked at PricewaterhouseCoopers Hong Kong for 14 years in the Financial Services Assurance Department. Since leaving PricewaterhouseCoopers, she has been a certified public accountant (Practising). Ms. Ng holds a bachelor's degree of business administration from the Chinese University of Hong Kong; and a master's degree of business administration and a master's degree of laws in corporate and financial law from the Hong Kong University of Science and Technology and the University of Hong Kong, respectively. Ms. Ng is currently a fellow member of the Hong Kong Institute of Certified Public Accountants.

**Mr. Cheung Chi Kong, Ronald (張志江)**, aged 42, was appointed as an independent non-executive Director on 16 March 2016. He has been involved in the financial and securities industries for over 13 years and has extensive experience working in mutual funds, securities brokerage and insurance brokerage financial services business with financial institutions in Hong Kong. Mr. Cheung is currently a chief executive of PC International (HK) Limited and a head of compliance of PC Securities Limited. He holds a bachelor's degree in mathematics from the University of Waterloo.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. Chan Ka Kit (陳家傑)**, aged 46, was appointed as an independent non-executive Director on 16 March 2016. He has been involved in the financial and insurance industries since 2001 and has extensive operational and management experience in mutual funds and insurance brokerage financial services business with financial institutions in Hong Kong. Mr. Chan is currently an associate director of AMG Wealth Management Limited. Mr. Chan holds an executive master's degree in business administration and is a Certified Financial Planner.

### SENIOR MANAGEMENT

The table below sets out the information concerning our senior management:

Name	Age	Present position	Responsibility	Date of appointment as senior management	Date of joining our Group	Relationship with other Directors and senior management
Mr. Ng Hon Sau, Larry (吳翰綬)	47	Responsible Officer for securities and futures and options broking business	In charge of the securities and futures broking and securities margin financing division of our Group	June 2008	July 2001	None
Mr. Cheng Wai Ho (鄭偉浩)	52	Responsible Officer for securities and futures and options broking business	Responsible for supervision of our human resources department and overseeing our overall implementation of registration procedures	August 2000	August 2000	None
Mr. Chiu Man Chun (趙文俊)	31	Compliance Manager	In charge of compliance and risk control issues	July 2015	July 2015	None
Mr. Kam Wing Ho (甘永豪)	36	Head of Information Technology	Responsible for development and supervision of the IT system	May 2015	January 2011	None

**Mr. Ng Hon Sau, Larry (吳翰綬)**, aged 47, is a Responsible Officer and a director of Get Nice Securities and Get Nice Futures. He is also a Responsible Officer of Pacific Challenge Securities and eCapitalist.com. Mr. Ng is primarily responsible for supervising the securities and futures broking and securities margin financing business. Mr. Ng joined GN Holdings Group in July 2001. He has had over 23 years of experience in the financial industry, with 21 years in securities and futures and several years in corporate banking. Mr. Ng holds a bachelor of science degree in finance from California State University, Fresno, the United States.

**Mr. Cheng Wai Ho (鄭偉浩)**, aged 52, is a Responsible Officer and a director of Get Nice Securities, Get Nice Futures, Get Nice Capital and Get Nice Asset Management, Pacific Challenge Securities and eCapitalist.com. Mr. Cheng takes up the management role in the supervision of the human resources department of our Group. He also oversees our overall implementation of registration procedures to ensure all relevant staff are properly registered under the SFO. Prior to joining GN Holdings, he had been a dealing director of three other securities firms for more than six years. He is a member of the Hong Kong Securities Institute.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Mr. Chiu Man Chun (趙文俊)**, aged 31, is the compliance manager of our Group. He worked in an international accounting firm for over nine years before joining GN Holdings Group. He is responsible for managing compliance and risk control issues within our Group. Mr. Chiu is a member of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor's degree in economics and finance from the University of Hong Kong.

**Mr. Kam Wing Ho (甘永豪)**, aged 36, and is the head of information technology department of our Group. He is responsible for the development and supervision of the information technology system of our Group. He joined GN Holdings Group in January 2011. He has over 11 years working experience in the information and technology field. After undertaking a course in computer science and having satisfied the requirements of the University of Victoria, Mr. Kam was admitted to the degree of bachelor of science.

Except as disclosed above, none of our Directors have any interest in any business, which competes or is likely to compete, either directly or indirectly, with our business.

Save as disclosed above, none of our Directors and senior management held any directorship in any public companies, the shares of which are listed in Hong Kong or overseas stock markets, during the three years prior to the date of this prospectus.

### COMPANY SECRETARY

Mr. Kam Leung Ming is our executive Director and company secretary. Please refer to the paragraphs headed "Directors" in this section for further information pertaining to Mr. Kam's biography.

### BOARD COMMITTEES

Our Group has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, namely the nomination committee, the remuneration committee and the audit committee.

### AUDIT COMMITTEE

The audit committee currently comprises three members, all of whom are independent non-executive Directors and are not involved in the day-to-day management of our Group. Ms. Ng Yau Kuen, Carmen, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the audit committee.

Our Company established the audit committee on 16 March 2016 with effect from the Listing with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee is responsible for making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and has authority to raise questions regarding the resignation or dismissal of the auditors; overseeing our Group's financial reporting process and internal control and risk management systems and to review our Group's interim and annual consolidated financial statements. The audit committee has access to and maintains an independent communication with the external auditor and management.



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## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

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### **REMUNERATION COMMITTEE**

The remuneration committee currently comprises three independent non-executive Directors, and one non-executive Director, Mr. Hung Hon Man. Ms. Ng Yau Kuen, Carmen is the chairman of remuneration committee.

Our Company established the remuneration committee on 16 March 2016 with effect from the Listing in compliance with Rules 3.25 and 3.26 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Company; to make recommendations to our Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights, compensation payments and any compensation payable for loss or termination of their office or appointment and ensure none of the Directors determine their own remuneration.

### **NOMINATION COMMITTEE**

The nomination committee currently comprises three independent non-executive Directors, and one non-executive Director, Mr. Hung Hon Man. Ms. Ng Yau Kuen, Carmen is the chairman of nomination committee.

Our Company established the nomination committee on 16 March 2016 with effect from the Listing in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are (i) to review the structure, size and composition of our Board on a regular basis; (ii) to recommend to our Board suitable candidates for directorship after consideration of the nominees' independence and quality in order to ensure the fairness and transparency of all nominations; and (iii) to assess the independence of independent non-executive Directors. In identifying suitable director candidates and making such recommendations to our Board, the nomination committee would also take into account various aspects of a candidate, including but not limited to, his/her education background, professional experience, experience with the relevant industry and past directorships.

### **DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION**

The remuneration (including salaries and allowances, discretionary bonus, contributions to pension schemes) of Mr. Hung Hon Man, Mr. Shum Kin Wai, Frankie, Mr. Kam Leung Ming and Mr. Hung Sui Kwan, other than commission, was borne by GN Holdings for the three years ended 31 March 2015 and amounted to approximately HK\$347,000 for the eight months ended 30 November 2015, while the commissions paid by us to these Directors for each of the years ended 31 March 2013 and 2014 and 2015 and the eight months ended 30 November 2015 were approximately HK\$98,000, HK\$177,000, HK\$387,000 and HK\$775,000, respectively. The total remuneration (including salaries and bonus, allowances, pension scheme contributions) paid by us to the five highest paid individuals of our Group, excluding our Directors amongst the five highest paid individuals, for each of the years ended 31 March 2013 and 2014 and 2015 and the eight months ended 30 November 2015 was approximately HK\$3.3 million, HK\$5.8 million, HK\$8.5 million and HK\$7.6 million, respectively.

During the Track Record Period, no compensation was paid by our Group or received by any Directors or the five highest paid individuals as incentives for joining our Group or when they had joined our Group, as compensation for loss of office.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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During the Track Record Period, none of our Directors waived any compensation. Save as disclosed above, during the Track Record Period, there were no other payments paid or payable to our Directors or five highest paid individuals by our Company or any of its subsidiaries.

### REMUNERATION POLICY

The primary aim of the remuneration policy is to enable our Group to motivate and retain quality employees. Our executive Directors, non-executive Director, the 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. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

### COMPLIANCE ADVISER

We have appointed Southwest HK Capital as our compliance adviser (the “**Compliance Adviser**”) for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the date of the Listing of our Shares on the Stock Exchange and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier. The Compliance Adviser will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be notifiable or connected transaction under the Listing Rules, is contemplated including share issue and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our Group’s business activities, developments or results of operations deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDER

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### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

#### Relationship with our Controlling Shareholder

Immediately upon completion of the Spin-off (without taking into account of any allotment and issue of Shares pursuant to, the Over-allotment Option or exercise of options to be granted under the Share Option Scheme) and any change to the capital structures of GN Holdings between the Latest Practicable Date and the Record Date, our Controlling Shareholder, namely GN Holdings, is entitled to control the exercise of the voting rights of approximately 72.99% of the Shares eligible to vote in the general meeting of our Company. GN Holdings was incorporated in the Cayman Islands on 23 January 2001, the shares of which have been listed on the Main Board of the Stock Exchange since 6 June 2002. Please refer to the section headed "History, Reorganisation and Development" in this prospectus for further details of GN Holdings.

Save as disclosed above, there is no other person who will, immediately following completion of the Spin-off (without taking into account of any allotment and issue of Shares pursuant to the Over-allotment Option or exercise of options to be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

#### No competition between our Group and the Remaining Group

Having considered the independence in financing, business operations and management of our Group from the Remaining Group, in addition, immediately following the Spin-off, there will be a clear delineation of business between our Group and the Remaining Group, i.e. our Group will be principally engaged in the Securities Business which are regulated activities under the SFO whereas the Remaining Group focuses on the Remaining Business in which they do not have any bearing on or inter-dependency vis-a-vis one another. Our Directors consider that the Remaining Group does not compete with our Group. For further details, please refer to the paragraph headed "Independence from the Remaining Group" in this section.

Each of our Controlling Shareholder and our Directors has confirmed that none of them has any direct or indirect interest in any businesses or companies that engage in any business activities that compete or may compete with our business activities.

### INDEPENDENCE FROM THE REMAINING GROUP

Having considered the following factors, we believe that our Group is capable of carrying on our business independently of the Remaining Group following completion of the Spin-off based on the following:

#### (i) Financial independence

Our Group has independent financial and accounting systems, independent treasury functions for receiving cash and making payments and independent access to third party financing. Our Group makes financial decisions according to its own business needs.

As at 30 November 2015, our Group had banking facilities of HK\$580 million which was guaranteed by the Remaining Group. Our Directors confirmed that upon completion of the Listing, the corporate guarantee provided by the Remaining Group in favour of our Group will be released and replaced by the corporate guarantee provided by our Company to the relevant banks. For details, please refer to the section headed "Financial Information – Indebtedness" in this prospectus. The Shareholder's Loan due to GN Holdings as at 30 November 2015 was approximately HK\$2,430 million, which will be settled before the Listing in the following ways: (i) HK\$1,000 million will be repaid in cash, of which HK\$975 million and HK\$25 million will be funded from short term external bank borrowings and our internal resources, respectively; (ii) further set-off by the entire amount due from GN Holdings as at the date of the set off; and (iii) the remaining balance will be capitalised under the Loan Capitalisation Issue. For details, please refer to the section headed "Financial Information – Amount due from and due to related

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDER

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companies” in this prospectus. In view of our Group’s internal resources and the estimated net proceeds from the Global Offering, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on the Remaining Group. Further, our Group had existing banking facilities of HK\$700 million from existing banks in Hong Kong (made up of a bank facility of HK\$580 million undertaken by our Group, and a bank facility of HK\$120 million undertaken by the Remaining Group with our Group’s leasehold properties as collateral which is currently being transferred to our Group) and none of these banking facilities had been drawn down as at the Latest Practicable Date. In addition, we had also received additional loan facilities from two banks amounting to HK\$275.0 million. Our Directors believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of the Remaining Group.

### **(ii) Operational independence**

Our operations are independent of and not connected with the Remaining Group. Having considered that:

- (a) our business operating systems (including the provision of services and sales and marketing) are separated from those of the Remaining Group and independent of the Remaining Group;
- (b) our Group has its own departments specialising in operations, business development, administration, finance, information and technology and sales and marketing independent of the Remaining Group;
- (c) our Group has its own team of staff and headcount of employees for its operations, administration and provision of secretarial services;
- (d) the Remaining Group has no interest in any of our top five clients and our Group has no interest in any of the Remaining Group’s top five clients;
- (e) our Group has established a set of internal control procedures to facilitate the effective operation of the Securities Business independent of the Remaining Group; and
- (f) our three independent non-executive Directors will provide checks and balances over the decision-making of our Board on significant transactions, connected transactions and other transactions involving any actual or potential conflict of interests,

our Directors consider that our Group can operate independently from the Remaining Group after the Spin-off from the operational perspective.

### **(iii) Management independence**

Our Group and the Remaining Group have boards of directors that function independently of each other. Save for Mr. Hung Hon Man who is a non-executive director of our Company and the chairman of our Board, there is no other Director holding concurrent posts in both of our Group and the Remaining Group upon Listing. Being the non-executive Director of our Company and the chairman of our Board, Mr. Hung Hon Man’s role is advisory in nature and he will not participate in the day-to-day management of our Group. He will, however, participate in board meetings on matters relating to business strategies and plans of our Group and oversee and scrutinise the performance of our executive Directors. In the event that any conflict of interest arises between our Group and the Remaining Group, Mr. Hung Hon Man will abstain from voting at the relevant meetings of our Board and the meetings of the board of directors of GN Holdings. He will also comply with the respective memorandum and articles of association of our Company and GN Holdings, and any applicable laws and regulations (including but not limited to the Listing Rules).

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDER

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Our Group also has its own full-time company secretary and senior management who are distinct from GN Holdings. Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for details of our senior management and company secretary.

Save as disclosed above, none of the Directors or senior management of our Company holds any office in or is employed by GN Holdings. On the basis of the current proposed Board composition, our Directors will operate and manage the Securities Business independently of the Remaining Group.

### **(iv) Administrative independence**

Our Group has its own capabilities and personnel to perform all essential administrative functions, including internal control, financial and accounting management, invoicing and billing, human resources and information technology independent of the Remaining Group after the Spin-off. Our Company confirms that all the above administrative functions will be carried out by a team of staff employed by our Group independently without any support from the Remaining Group after the Spin-off.

Given that our Group will still carry out the day-to-day administrative function on our own, our Directors consider that our Group will have independence of administrative capability after the Spin-off.

### **CLEAR DELINEATION OF BUSINESS**

Our Group will, following the Spin-off, principally engage in the Securities Business, i.e. the business of broking services, securities margin financing services, placing and underwriting services and corporate finance advisory services; while the Remaining Group will principally engage in the Remaining Business, i.e. the business of money lending and investments in properties and financial instrument, which includes equity, debt securities and convertible notes.

The Securities Business and the Remaining Business are different in nature and require different expertise. The Securities Business involves various regulated activities as defined under the SFO and members of our Group and our key management and all staff who carry out such regulated activities are required to obtain relevant licenses from the SFC, whereas the major operating subsidiary of the Remaining Group which carries out the money lending business is only required to hold a money lender’s license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the investment in financial instruments by the Remaining Group is not a regulated activity under the SFO and not related to and has no bearing on our Group’s provision of financial services.

The target clients of our Group and the Remaining Group are also distinct. While our Group’s clients mainly require securities and futures brokerage and securities margin financing services to purchase securities on a margin basis through their securities trading accounts maintained with us, the Remaining Group’s clients are those with short to medium term personal financial needs. There is, however, minor overlap of clients, which is due to the incidental demand for different financial services. There exists no competition or inter-dependency between the Securities Business and the Remaining Business as clients who demand securities and futures brokerage services may also seek money lending services, and our Group does not promote margin financing services through the money lending services, and vice versa. The Remaining Group’s investment business is also a standalone segment which is not related to the Securities Business. In view of the above, our Directors consider that there is no potential competition between our securities margin financing business and the Remaining Group’s money lending business.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDER

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Given the clear delineation of business as stated above, the Securities Business does not compete in any material respect with the Remaining Business, either directly or indirectly. Please refer to the section headed “Business” in this prospectus for further details of the Securities Business.

### **RULE 8.10 OF THE LISTING RULES**

Our Controlling Shareholder and its close associate(s) do not have any interest in a business apart from our Group’s business which competes and is likely to compete, directly or indirectly, with our Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

### **NON-COMPETITION UNDERTAKINGS**

In order to avoid any possible future competition between our Group and the Remaining Group, GN Holdings (the “**Covenantor**”), our Controlling Shareholder, entered into a Deed of Non-competition dated 16 March 2016 in favour of our Company and our subsidiaries (the “**Deed of Non-competition**”). Pursuant to the Deed of Non-competition, the Covenantor has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, that it shall not, and shall procure its close associates (including its subsidiaries within the Remaining Group and other than any member of our Group) not to (i) develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group or any business activity to be conducted by any member of our Group from time to time; (ii) solicit any existing or then existing employee of our Group for employment by them or their respective close associates (excluding our Group); or (iii) without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to their knowledge in their capacity as our Controlling Shareholder for the purpose of competing our Group.

The Covenantor further undertakes that if it or its close associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, it shall (and it shall procure its close associates to) notify our Group in writing and our Group shall have a right of first refusal to take up such business opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor whether our Group will exercise the first right of refusal. Our Group shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such opportunities). The Covenantor and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Our Company will adopt the following procedures to monitor that the Deed of Non-competition is being observed:

- (a) our independent non-executive Directors shall review on an annual basis the above undertakings from the Covenantor and to evaluate the effective implementation of the Deed of Non-competition;



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDER

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- (b) the Covenantor undertakes to provide any information as is reasonably required by our Group or our independent non-executive Directors, as a basis to decide whether to exercise the right of first refusal by our Company from time to time; and
- (c) the Covenantor undertakes to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition, and to provide an annual confirmation on the compliance of the non-competition undertaking for inclusion in the annual report of our Company.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Committee granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreements having been fulfilled (or where applicable, waived) and the Underwriting Agreements not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date agreed between the Underwriters and our Company or the Underwriters and our Company have agreed to terminate the Underwriting Agreements thereafter, the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on (i) in relation to the Covenantor, the date on which it together with its close associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) the date on which the Shares shall cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

As the Covenantor has given non-competition undertakings in favour of our Company, and other than members of our Group, the Covenantor having no other interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that we are capable of carrying on our business independently of the Covenantor following the Listing.

Other than members of our Group, none of our Controlling Shareholder and our Directors or their respective close associates has interests in any business which competes or is likely to compete with the business of our Group.

### **CORPORATE GOVERNANCE MEASURES**

Our Company will adopt the following corporate governance measures to safeguard the interests of the Shareholders and manage potential conflict of interests between our Group and the Remaining Group:

- (a) in the event that there is conflict of interest in the operations of our Group and the Remaining Group and its associates, and in respect of any proposed contracts or arrangements between our Group and the Remaining Group and its associates, any Director, who is considered to be interested in a particular matter or the subject matter, shall disclose his/her interests to our Board;



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDER

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- (b) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholder;
- (c) our Controlling Shareholder undertakes to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (d) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholder in the annual reports of our Company;
- (e) our Controlling Shareholder will make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (f) in the event that any business opportunity which may compete with the business of our Group is identified by the Remaining Group, it shall refer such business opportunity to our Group and our independent non-executive Directors will be responsible for deciding whether or not to allow the Controlling Shareholder and/or its close associates to involve or participate in any business in competition with or likely to be in competition with the existing business activity of any member of our Group within Hong Kong and such other parts of the world where any member of our Group may operate from time to time and if so, any condition to be imposed; and
- (g) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and/or our Controlling Shareholder and its close associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

On the basis that all Directors (except for Mr. Hung Hon Man) and senior management of our Group do not hold any position in the Remaining Group, and that each of our executive Directors and senior management has extensive and relevant experience in the Securities Business, our Directors are of the view that our Board will have the expertise to transact business which may potentially involve conflict of interest between the Remaining Group and our Group objectively, impartially and in the interest of our Company and the Shareholders as a whole.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Remaining Group and our Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

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## SUBSTANTIAL SHAREHOLDER

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### SUBSTANTIAL SHAREHOLDER

So far as our Directors are aware, immediately following completion of the Distribution, the Loan Capitalisation Issue and the Global Offering without taking into account: (i) the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares which may be allotted and issued by the exercise of the options that may be granted under the Share Option Scheme; and (iii) any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date, the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

<u>Name</u>	<u>Capacity/ Nature of interest</u>	<u>Position</u>	<u>Number of Shares</u>	<u>Approximate percentage of Shares following completion of the the Global Offering</u>
GN Holdings	Beneficial owner	Long	1,824,690,171	72.99%

Save as disclosed above, our Directors are not aware of any other person who will, immediately following completion of the Distribution, the Loan Capitalisation Issue and the Global Offering without taking into account: (i) the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares which may be allotted and issued by the exercise of the options that may be granted under the Share Option Scheme; and (iii) any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date, have an interest or short position in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

For further information on our Directors' interests which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, please refer to the section headed "Statutory and General Information – C. Further Information about Substantial Shareholders, Directors and Experts" in Appendix IV to this prospectus.

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## SHARE CAPITAL

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### SHARE CAPITAL

Assuming the Over-allotment Option is not exercised, and without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme and any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date, the share capital of our Company immediately following completion of the Loan Capitalisation Issue and the Global Offering will be as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares . . . . .	<u>100,000,000</u>

*Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Loan Capitalisation Issue and the Global Offering:*

<i>Number of Shares</i>		<i>HK\$</i>
10,000,000	Shares in issue at the date of this prospectus . . . . .	100,000.00
1,982,445,519	Shares to be issued pursuant to the Loan Capitalisation Issue. . . . .	19,824,455.19
507,554,481	Shares to be issued pursuant to the Global Offering . . . . .	5,075,544.81
<u>2,500,000,000</u>	Total. . . . .	<u>25,000,000.00</u>

Assuming the Over-allotment Option is exercised in full and without taking into account any Share which may be issued upon exercise of any options that may be granted under the Share Option Scheme, our Company's share capital immediately following the Loan Capitalisation Issue and the Global Offering will be as follows:

*Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Loan Capitalisation Issue and the Global Offering:*

<i>Number of Shares</i>		<i>HK\$</i>
10,000,000	Shares in issue as at the date of this prospectus . . . . .	100,000.00
1,982,445,519	Shares to be issued pursuant to the Loan Capitalisation Issue. . . . .	19,824,455.19
507,554,481	Shares to be issued pursuant to the Global Offering . . . . .	5,075,544.81
76,133,172	Shares to be issued pursuant to the Over-allotment Option . . . . .	761,331.72
<u>2,576,133,172</u>	Total. . . . .	<u>25,761,331.72</u>

According to Rule 8.08 of the Listing Rules, at the time of the listing and at all times thereafter, we must maintain the "minimum prescribed percentage" of 25% of our issued share capital in the hands of the public.

### RANKING

The Offer Shares will rank pari passu in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will rank in full for all dividends and other distributions declared, paid or made on the Shares after the date of this prospectus.

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## SHARE CAPITAL

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### LOAN CAPITALISATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on 16 March 2016 subject to the Global Offering becoming unconditional in all respects, our Directors were authorised to allot and issue a total of 1,982,445,519 Shares credited as fully paid at par to GN Holdings by way of capitalisation of certain loan amount owing by our Group to the Remaining Group and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering 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 require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Loan Capitalisation Issue and the Global Offering; and
- (b) the aggregate nominal value of the share capital of our Company repurchased (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed "General mandate to repurchase shares" in this section below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed "Further information about our Company – Written resolutions of our sole Shareholder passed on 16 March 2016" in Appendix IV to this prospectus.

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## SHARE CAPITAL

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### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all powers to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following completion of the Loan Capitalisation Issue and the Global Offering (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Options or 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 our Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and made in connection with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Further information about our Company – Repurchase of our Shares by our Company" in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company; or
- (b) the expiration of the period within which the next annual general meeting is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraphs headed "Further information about our Company – Repurchase of our Shares by our Company" in Appendix IV to this prospectus.

### SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis of our financial condition and results of operations together with our combined financial statements for the Track Record Period and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. The combined financial statements have been prepared in accordance with HKFRS. You should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.*

### OVERVIEW

Our Group is a well-established financial services provider in the Hong Kong securities industry founded in 1988. We target a niche market segment of high-net-worth individuals by offering quality and personal client services. The financial services provided by us include (i) broking services; (ii) securities margin financing services; and (iii) corporate finance advisory services. The majority of our revenue was interest income generated from our securities margin financing services. Our revenue from our securities margin financing services accounted for approximately 72.4%, 67.7%, 69.2% and 63.6% for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively. Details of the financial services provided by us are set out as follows:

- **Broking services**

Our broking services mainly comprise the following financial services:

**Securities broking services:** We act as intermediary between buyers and sellers of securities listed on the Main Board and GEM Board of the Stock Exchange in return for brokerage commission income.

**Futures and option broking services:** We provide brokerage services for futures and options traded on the Futures Exchange, such as HSI futures and options, and mini-HSI futures and options. We generate revenue from commission received from our clients when relevant transactions are executed.

**Placing and underwriting services:** We act as underwriter, sub-underwriter, placing agent or sub-placing agent for equity and debt securities in transactions, such as IPOs, rights issues, open offers and other fund raising exercises in return for placing or underwriting commission income.

**Proof of funds services:** We provide proof of funds services for transactions relating to the Takeovers Code for our clients which allow them to show that they have sufficient resources to satisfy their obligations under the relevant transactions in return for upfront fee.

- **Securities margin financing services**

We provide securities margin financing services to our clients, who would like to purchase securities on the secondary market or apply for shares in connection with IPOs, in return for interest income.

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## FINANCIAL INFORMATION

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- **Corporate finance advisory services**

We provide financial advisory services to our clients regarding matters, such as (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; and (ii) giving opinions or recommendations to the independent board of committee and the independent shareholders of listed issuers in the capacity of independent financial advisers in return for advisory fee income.

Our Group achieved rapid growth in our total revenue and net profit during the Track Record Period. Our total revenue increased by approximately 24.2% from approximately HK\$158.3 million for the year ended 31 March 2013 to approximately HK\$196.6 million for the year ended 31 March 2014, and further increased by approximately 47.8% to approximately HK\$290.5 million for the year ended 31 March 2015, representing a CAGR of approximately 35.5%. Our total revenue increased by approximately 94.5% from approximately HK\$179.1 million for the eight months ended 30 November 2014 to approximately HK\$348.4 million for the eight months ended 30 November 2015. Our net profit increased by approximately 31.4% from approximately HK\$86.2 million for the year ended 31 March 2013 to approximately HK\$113.3 million for the year ended 31 March 2014, and further increased by approximately 69.5% to approximately HK\$192.0 million for the year ended 31 March 2015, representing a CAGR of approximately 49.2%. Our net profit increased by approximately 94.8% from approximately HK\$119.2 million for the eight months ended 30 November 2014 to approximately HK\$232.2 million for the eight months ended 30 November 2015. The rapid growth in our total revenue and net profit was mainly driven by (i) the increase in trading activities of our clients and (ii) the expansion of our securities margin financing business which was mainly due to an increase in the amount of margin loans, which we financed mainly through interest-free advances provided by GN Holdings.

After the Listing, we plan to use approximately HK\$210.0 million of the net proceeds derived from the Global Offering to expand our securities margin financing business (see under the section headed “Future Plans and Use of Proceeds – Use of Proceeds” in this prospectus). Although our Group will no longer rely on advances provided by GN Holdings after the Listing, our Directors believe that our Group itself has the ability to finance our business operation either by additional external borrowings (such as bank loans and bonds) or equity fundraisings. Our Directors have also carefully considered the possible increase in gearing ratio if further external borrowings are to be obtained after the Listing. Please refer to the section headed “Financial Information – Amounts due to GN Holdings – (c) Effect on our Group’s gearing ratio” in this prospectus. The gearing ratio immediately after the repayment of Shareholder’s Loan up to HK\$1,000 million and Loan Capitalisation Issue would be approximately 0.58 as at 31 March 2015, whereby this is within the range of gearing ratio of other comparable Hong Kong Main Board listed companies that are engaged in securities business which ranges between 0.06 to 2.32, hence our Directors consider that our Group’s gearing ratio is within the range that would allow sufficient room for increasing our leverage while at the same time our Group is able to capture our own equity fundraising exercise after the Listing.



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## FINANCIAL INFORMATION

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### FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including those set out in the section headed “Risk Factors” of this prospectus and the following factors, some of which may not be within our control.

#### Performance of the Hong Kong financial markets

During the Track Record Period, we generated most of our revenue from our broking and securities margin financing business. These businesses are highly dependent on economic and financial market conditions in Hong Kong. Historically, there have been fluctuations in the performance of the financial markets in Hong Kong.

Between 2002 and 2007, there was an increasing trend in the trading turnover value of the stock market in Hong Kong. The trading turnover value decreased in 2008 and 2009 when the global financial crisis occurred in the second half of 2008. The trading turnover value increased in 2010 by approximately 10.6% compared to that of 2009, reaching approximately HK\$17,076 billion. Trading turnover value remained stable in 2011. In 2012 the trading turnover value decreased to approximately HK\$13,268 billion. The trading activities improved in 2013 and 2014 with the trading turnover value of approximately HK\$15,186 billion and 16,990 billion, respectively. The information in this paragraph is obtained from HKEx Fact Book 2002–2014.

In times of market volatility and adverse financial or economic conditions, it may be difficult for us to maintain commission and interest income from our broking and securities margin financing businesses.

#### The level of competition of securities broking industry in Hong Kong

We are one of the many participants in Hong Kong’s highly competitive financial services industry and compete principally with local small to medium-sized broking services firms. As at 31 December 2015, there were 515 Stock Exchange trading participants.

We may not be able to compete effectively and successfully due to our policies that do not attract clients through appealing pricing. We may also face competition from new forms of trading platforms developed by our competitors or new market entrants.

The price competition on brokerage commission in recent years may result in the decrease in our brokerage commission income. We will have to compete against competitors who may have greater brand recognition in the market, more human and financial resources, a wider range of services and longer operating history than that of our Group.

#### The ability to secure underwriting and placing mandates

During the Track Record Period, we generated underwriting and placing commissions of approximately HK\$7.4 million, HK\$8.4 million, HK\$12.3 million and HK\$34.9 million, respectively, representing approximately 4.6%, 4.3%, 4.2% and 10.0% of our total revenue, respectively. As underwriting and placing transactions may not occur on a regular basis, our ability to secure underwriting and placing mandates will have a material impact on our business, financial condition and results of operations. Our Directors consider that the performance of our underwriting services are subject to external factors which are beyond our control, such as the number and size of IPOs in the market and whether the secondary market for fund raising exercises is active under the prevailing financial market environment.

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## FINANCIAL INFORMATION

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### **Changes in laws, regulations and rules governing the securities industry in Hong Kong**

We are subject to extensive regulations which could change from time to time and to the risk of significant regulatory intervention from Hong Kong authorities. Any change in any of these laws and regulations or rules, or enforcement of new laws, regulations or rules applicable to financial services industry, may result in an increase in our cost of compliance, or may require us to restrict its business activities. This may materially and adversely affect the businesses and financial performance of our Group.

The regulatory regime in Hong Kong includes, but is not limited to, the SFO, the Companies Ordinance, the Predecessor Companies Ordinance, the FRR, the Listing Rules, the Stock Exchange Trading Rules and the Takeovers Code. Any changes imposed by the aforementioned bodies or regulations may result in an increase in our cost of compliance, or might restrict our business activities.

For example, our online trading business is under the supervision and regulation of the SFC in which we are to comply. There is no assurance that there will not be any additional licensing, registration or control requirements imposed by the SFC on the conduct of securities trading over the Internet in the future.

Moreover, pursuant to the FRR, a licensed corporation shall maintain liquid capital which is not less than the required level at all times. As such our Group must maintain a high level of liquidity at all times to comply with the FRR, failure to meet the requirement may cause the SFC to take actions against our Group which may inadvertently affect our Group's operations and performance.

### **Economic conditions**

Our business and operations are based in Hong Kong and our Group had derived all our income in Hong Kong during the Track Record Period. As an open economy Hong Kong's domestic economy is also affected by many other unpredictable factors such as economic, social, legal and political development in the PRC, changes in local and international economic and political situations, and fluctuations in global interest rates.

### **Movement of interest rates**

Interest rates may fluctuate due to changes in the global and local economic environment. The fluctuation of interest may affect our business in two ways. Firstly, an increase in interest rate may affect investors' appetite to invest, including in the securities market thereby affecting market sentiment, which may in turn affect our results of operations. Secondly, an increase in interest rates on our outstanding loans will increase our finance costs and may reduce our interest spread for our financing portfolio. In addition, if the Hong Kong Monetary Authority or other relevant authority to which the banks in Hong Kong are subject adopts any policy or measures that affect banks' ability to make available loans or facilities, our access to financing may be adversely affected. This may hamper our business, financial condition and results of operations.

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## FINANCIAL INFORMATION

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### BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 31 August 2015. In preparation of the Listing, we underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Development – Reorganisation” in this prospectus. As a result of the Reorganisation, our Company became a holding company of the subsidiaries comprising our Group.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of our Group include the results of operations of the companies now comprising our Group (or where the companies were incorporated/established at a date later than 31 March 2012, for the period from the date of incorporation/establishment to 31 March 2015) as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, whichever is a shorter period. The combined statements of financial position of our Group as at 31 March 2013, 2014 and 2015 and 30 November 2015 have been prepared to present the assets and liabilities of the companies now comprising our Group as at those dates as if the current group structure had been in existence at the respective dates.

All intragroup assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of our Group are eliminated in full on combination.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our combined financial statements have been prepared in accordance with HKFRSs, which requires us to make judgements, estimates and assumptions that affect the application of policies and items reported in our combined financial statements. The estimates and associated assumptions are based on historical experience and various other factors that our management believes to be reasonable under the circumstances. The results of these estimates and associated assumptions form the basis of our management’s judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our management reviews these estimates and underlying assumptions on an ongoing basis taking into account the changing environment and circumstances.

For more details, please refer to notes 4 and 5 in section I of the Accountants’ Report set out in Appendix I to this prospectus.

#### Critical accounting policies

##### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue arising from financial services is recognised on the following basis:

- Commission income for broking business is recorded as income on a trade date basis;
- Underwriting commission income, sub-underwriting commission income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed;
- Advisory, clearing and handling fee income and proof of funds commission are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and

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## FINANCIAL INFORMATION

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- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to our Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including accounts receivable, deposits, other receivables, amounts due from the ultimate holding company, amounts due from a fellow subsidiary and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

### *Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Accounts receivable are assessed on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include our Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial asset with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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## FINANCIAL INFORMATION

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### **Key sources of estimation uncertainty**

The key sources of estimation uncertainty that may significantly affect the amounts recognised in the combined financial statements within the next financial year are disclosed below.

#### *Impairment losses on accounts receivable*

Our Group periodically reviews its accounts receivable to assess whether impairment losses exist. In determining whether impairment losses should be recorded in the combined statements of profit or loss and other comprehensive income, our Group has individually and collectively evaluated its accounts receivable for impairment after taking into account the value of the underlying collateral of each borrower and as a whole, and the latest financial position and other information available of those borrowers in default of settlement to determine the net present value of expected future cash inflow. If the financial conditions of the clients of our Group were to deteriorate, resulting in an impairment of their ability to make repayments, additional impairment losses may be required. As at 31 March 2013, 2014 and 2015 and 30 November 2015, the carrying amount of accounts receivable were approximately HK\$1.4 billion, HK\$1.8 billion, HK\$3.0 billion and HK\$3.6 billion, respectively, net of allowance for impaired debts of approximately HK\$16.0 million, HK\$17.6 million, HK\$14.6 million and HK\$17.4 million, respectively.

#### *Tax provision and tax losses*

As at 31 March 2013, 2014 and 2015 and 30 November 2015, no deferred tax asset has been recognised in respect of certain tax losses of approximately HK\$20.5 million, HK\$22.5 million, HK\$23.1 million and HK\$25.0 million, respectively due to the uncertainty of future profit streams. In addition, the realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the year/period in which such a recognition takes place.

## FINANCIAL INFORMATION

### SELECTED FINANCIAL STATEMENT INFORMATION

The table below sets out selected items of our combined statements of profit or loss for the periods as indicated, as derived from the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 March						Eight months ended 30 November			
	2013		2014		2015		2014		2015	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
							<i>(unaudited)</i>			
Revenue	158,291	100.0	196,550	100.0	290,488	100.0	179,142	100.0	348,394	100.0
Other operating income	169	0.1	88	0.0	2,869	1.0	2,843	1.6	63	0.0
Other gains and losses	(135)	0.1	(1,816)	0.9	1,569	0.5	2,032	1.1	(3,273)	0.9
Depreciation	(6,800)	4.3	(6,765)	3.4	(6,708)	2.3	(4,449)	2.5	(4,506)	1.3
Commission expenses	(10,085)	6.4	(14,534)	7.4	(17,258)	5.9	(10,886)	6.1	(18,818)	5.4
Finance costs	(170)	0.1	(202)	0.1	(473)	0.2	(202)	0.1	(749)	0.2
Staff costs	(12,668)	8.0	(12,520)	6.4	(12,901)	4.4	(7,842)	4.4	(9,375)	2.7
Other expenses	(24,391)	15.4	(25,471)	13.0	(26,780)	9.2	(17,926)	10.0	(31,586)	9.1
Profit before taxation	104,211	65.8	135,330	68.9	230,806	79.5	142,712	79.7	280,150	80.4
Taxation	(17,962)	11.3	(21,981)	11.2	(38,821)	13.4	(23,560)	13.2	(47,989)	13.8
Profit for the year/period	<u>86,249</u>	<u>54.5</u>	<u>113,349</u>	<u>57.7</u>	<u>191,985</u>	<u>66.1</u>	<u>119,152</u>	<u>66.5</u>	<u>232,161</u>	<u>66.6</u>

## FINANCIAL INFORMATION

The table below sets out selected items of our combined statements of financial position as at the dates as indicated, as derived from the Accountants' Report in Appendix I to this prospectus:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015 HK\$'000
<b>Non-current assets</b>				
Prepaid lease payments and property and equipment . . . . .	136,230	133,448	127,443	127,430
Intangible assets . . . . .	8,955	8,955	8,955	8,955
Other assets . . . . .	3,805	5,011	4,876	4,795
Deferred tax assets . . . . .	424	457	176	176
	<u>149,414</u>	<u>147,871</u>	<u>141,450</u>	<u>141,356</u>
<b>Current assets</b>				
Accounts receivable . . . . .	1,442,882	1,791,025	3,042,821	3,594,700
Prepayments, deposits and other receivables . . . . .	1,932	1,745	1,351	4,167
Amounts due from the ultimate holding company . . . . .	120,913	122,189	132,684	154,990
Amounts due from a fellow subsidiary . . . . .	50	50	54	–
Tax recoverable . . . . .	117	–	26	17
Financial assets held for trading . . . . .	136	115	191	24
Bank balances – client accounts . . . . .	198,312	796,858	205,332	331,537
Bank balances – general accounts and cash . . . . .	135,072	512,587	153,092	179,418
	<u>1,899,414</u>	<u>3,224,569</u>	<u>3,535,551</u>	<u>4,264,853</u>
<b>Current liabilities</b>				
Accounts payable . . . . .	293,399	861,562	278,204	456,487
Accrued charges and other payables . . . . .	5,319	5,646	5,089	5,004
Amounts due to the ultimate holding company . . . . .	797,444	1,474,309	1,947,848	2,429,611
Tax payable . . . . .	2,840	9,128	21,960	64,499
Bank borrowings . . . . .	–	–	208,490	–
	<u>1,099,002</u>	<u>2,350,645</u>	<u>2,461,591</u>	<u>2,955,601</u>
<b>Net current assets</b> . . . . .	<u>800,412</u>	<u>873,924</u>	<u>1,073,960</u>	<u>1,309,252</u>
<b>Total assets less current liabilities</b> . . . . .	<u>949,826</u>	<u>1,021,795</u>	<u>1,215,410</u>	<u>1,450,608</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities . . . . .	1,444	2,081	2,389	2,890
	<u>1,444</u>	<u>2,081</u>	<u>2,389</u>	<u>2,890</u>
<b>Net assets</b> . . . . .	<u><u>948,382</u></u>	<u><u>1,019,714</u></u>	<u><u>1,213,021</u></u>	<u><u>1,447,718</u></u>
<b>Capital and reserves</b>				
Share capital . . . . .	–	–	–	–
Reserves . . . . .	948,382	1,019,714	1,213,021	1,447,718
	<u><u>948,382</u></u>	<u><u>1,019,714</u></u>	<u><u>1,213,021</u></u>	<u><u>1,447,718</u></u>



## FINANCIAL INFORMATION

### DESCRIPTION OF SELECTED ITEMS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS

#### Revenue

We were principally engaged in the provision of broking services, securities margin financing, and corporate finance advisory services during the Track Record Period. We generate our revenue primarily from brokerage commission, underwriting and placing commission, upfront fee in connection with the provision of fund proof for transactions relating to the Takeovers Code, interest income from securities margin financing, advisory fee income and clearing and handling fee income. The table below sets out the items of our revenue by type during the Track Record Period:

	Year ended 31 March						Eight months ended 30 November			
	2013		2014		2015		2014		2015	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
	<i>(unaudited)</i>									
<b>Broking services</b>										
Brokerage commission	32,533	20.6	43,675	22.2	54,827	18.9	34,321	19.1	66,079	19.0
Placing and underwriting commission	7,354	4.6	8,397	4.3	12,252	4.2	9,883	5.5	34,861	10.0
Upfront fees for proof of funds	–	–	–	–	10,859	3.7	6,850	3.8	10,200	2.9
Others <sup>(Note)</sup>	3,315	2.1	10,947	5.6	9,529	3.3	6,211	3.5	13,222	3.8
	43,202	27.3	63,019	32.1	87,467	30.1	57,265	31.9	124,362	35.7
<b>Securities margin financing services</b>										
Interest income	114,573	72.4	133,100	67.7	200,981	69.2	120,310	67.2	221,517	63.6
<b>Corporate finance advisory services</b>										
Advisory fee income	480	0.3	400	0.2	2,002	0.7	1,542	0.9	2,497	0.7
Others	36	0.0	31	0.0	38	0.0	25	0.0	18	0.0
	516	0.3	431	0.2	2,040	0.7	1,567	0.9	2,515	0.7
<b>Total</b>	<b>158,291</b>	<b>100.0</b>	<b>196,550</b>	<b>100.0</b>	<b>290,488</b>	<b>100.0</b>	<b>179,142</b>	<b>100.0</b>	<b>348,394</b>	<b>100.0</b>

Note: Others include mainly clearing and handling fee income and interest income from our deposits.

## FINANCIAL INFORMATION

During the Track Record Period, our Group's revenue growth was mainly driven by the growth of the brokerage commission income from our securities brokerage services and the interest income from our securities margin financing services. The table below sets out the average securities brokerage commission rates and average interest rates of our margin loans during the Track Record Period:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Trading turnover . . . . .	20,495,203	25,925,054	30,490,345	19,173,463	38,681,026
Securities brokerage commission . . . . .	29,416	39,175	50,838	31,645	61,904
Average securities brokerage commission <sup>(Note 1)</sup> . . . . .	0.14%	0.15%	0.17%	0.17%	0.16%
Monthly average outstanding margin					
loan balance . . . . .	1,412,080	1,570,060	2,189,860	1,993,120	3,269,766
Interest income . . . . .	114,573	133,100	200,981	120,310	221,517
Average interest rate <sup>(Note 2)</sup> . . . . .	8.11%	8.48%	9.18%	9.05%	10.16%

Notes:

1. The average brokerage commission is calculated by dividing the securities brokerage commission income by the trading turnover.
2. The average interest rates are calculated by dividing the actual interest income by the monthly average outstanding margin loan balance ("Average Loans") are set out for illustrative purposes only because the Average Loans are estimated amounts using the month end outstanding margin loan in each of the 12 or 8 months (as the case may be), it may not give a true weighted average effective interest rate. The average interest rates for the eight months ended 30 November 2014 and 2015 are the annualised amount of the average interest rates.

The increase in our securities brokerage commission during the Track Record Period was mainly due to an increase in trading turnover. The increase in trading turnover was generally in line with the increase in total securities market turnover. Our average securities brokerage commission rates remained relatively stable between 0.14% and 0.17% during the Track Record Period.

The increase in our interest income during the Track Record Period was mainly due to an increase in margin loan balances. Our average interest rates remained relatively stable between 8.11% and 10.16% during the Track Record Period.

### Other operating income

During the Track Record Period, our other operating income mainly consisted of (i) bank interest income from our deposits at banks; and (ii) sundry income. The table below sets out our other operating income during the Track Record Period:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Bank interest income . . . . .	41	36	83	61	54
Sundry income . . . . .	128	52	2,786	2,782	9
	169	88	2,869	2,843	63

## FINANCIAL INFORMATION

### Gross profit

Due to the nature of our business, we do not have any cost of sales and hence no gross profit.

### Other gains and losses

During the Track Record Period, our other gains and losses mainly consisted of (i) recognition or reversal of impairment loss on loans to margin clients; (ii) net realised losses on error trades; (iii) realised gain on financial assets held for trading; (iv) unrealised gains/losses on financial assets held for trading; (v) gain/loss on disposal of property and equipment; and (vi) net exchange loss. The table below sets out our other gains and losses during the Track Record Period:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Net (recognition) reversal of impairment loss on loans to margin clients . . . . .	(755)	(1,657)	3,013	1,991	(3,129)
Net (losses) realised gains on error trades . . . . .	(2)	(119)	(51)	(5)	23
Realised gain on financial assets held for trading . . . . .	296	-	-	-	-
Unrealised gains (losses) on financial assets held for trading . . . . .	119	(21)	76	46	(167)
Gain (loss) on disposal of property and equipment . . . . .	207	-	(1,469)	-	-
Net exchange loss . . . . .	-	(19)	-	-	-
	<u>(135)</u>	<u>(1,816)</u>	<u>1,569</u>	<u>2,032</u>	<u>(3,273)</u>

### Depreciation

During the Track Record Period, our depreciation mainly consisted of depreciation of leasehold land, motor vehicles and yacht.

### Commission expenses

During the Track Record Period, our commission expenses mainly consisted of commission expenses paid to our account executives based on the trading activities in the Referred Accounts.

### Finance costs

During the Track Record Period, our finance costs mainly consisted of (i) interest on bank loans and overdrafts wholly repayable within five years; and (ii) interest on client accounts. The table below sets out our finance costs during the Track Record Period:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Interest on bank loans and overdrafts wholly repayable within five years . . . . .	127	143	353	153	628
Interest on clients' accounts . . . . .	43	59	120	49	121
	<u>170</u>	<u>202</u>	<u>473</u>	<u>202</u>	<u>749</u>

## FINANCIAL INFORMATION

### Staff costs

During the Track Record Period, our staff costs mainly consisted of salaries and other benefits and contributions to retirement benefits scheme. The table below sets out our staff costs during the Track Record Period:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Salaries and other benefits . . . . .	12,300	12,112	12,547	7,517	9,039
Contributions to retirement benefits scheme . . . . .	368	408	354	325	336
	<u>12,668</u>	<u>12,520</u>	<u>12,901</u>	<u>7,842</u>	<u>9,375</u>

### Other expenses

During the Track Record Period, our other expenses mainly consisted of auditor's remuneration, management fee paid to GN Holdings, entertainment and travelling, information technology expenses, CCASS settlement expenses, telephone and communication, postage, printing and stationery, repair and maintenance, trading tariff, utilities, building management fee, government rates, listing expenses and administrative and other expenses. The amount of management fee paid to GN Holdings represents mainly overhead and administrative expenses incurred by GN Holdings for our Group. Our Group will cease to pay such management fee upon the Listing.

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Auditor's remuneration . . . . .	2,165	1,288	1,052	798	790
Management fee paid to GN Holdings . . . . .	6,480	6,440	6,360	4,240	4,120
Entertainment and travelling . . . . .	3,461	4,303	6,089	4,051	4,772
Information technology expenses . . . . .	3,149	3,286	2,174	148	457
CCASS settlement expenses . . . . .	1,856	2,613	2,156	1,679	4,955
Telephone and communication . . . . .	679	986	1,453	2,559	2,373
Postage, printing and stationery . . . . .	704	544	532	369	521
Repair and maintenance . . . . .	815	1,045	1,540	637	1,112
Trading tariff . . . . .	188	259	236	165	267
Utilities . . . . .	656	626	567	400	394
Building management fee . . . . .	902	902	902	639	663
Government rates . . . . .	1,440	1,568	1,665	1,108	1,025
Administrative and other expenses . . . . .	1,896	1,611	2,054	1,133	1,489
Listing expenses . . . . .	-	-	-	-	8,648
	<u>24,391</u>	<u>25,471</u>	<u>26,780</u>	<u>17,926</u>	<u>31,586</u>

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## FINANCIAL INFORMATION

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### Taxation

Our Company was incorporated in the Cayman Islands and some of other members of our Group were incorporated in the BVI. Pursuant to the rules and regulations of the Cayman Islands and the BVI, we are not subject to any income tax in the Cayman Islands and the BVI. However, we are subject to Hong Kong profits tax on entity basis on profit arising in or derived from Hong Kong. Provision for Hong Kong profits tax has been calculated at the applicable rates of 16.5% for the three years ended 31 March 2015 on the estimated assessable profits of our companies operating in Hong Kong. For the years ended 31 March 2013, 2014 and 2015, our income tax expense was approximately HK\$18.0 million, HK\$22.0 million and HK\$38.8 million respectively, and our effective tax rate was approximately 17.2%, 16.2% and 16.8% respectively. For the eight months ended 30 November 2014 and 2015, our income tax expense was approximately HK\$23.6 million and HK\$48.0 million, respectively, and our effective tax rate was approximately 16.5% and 17.1%, respectively.

We had fully paid or made full provisions for paying all relevant taxes as at the Latest Practicable Date and there had been no material disputes or unresolved tax issues between the relevant tax authorities and us during the Track Record Period.

### RESULTS OF OPERATIONS

#### **Eight months ended 30 November 2015 compared to the eight months ended 30 November 2014**

##### *Revenue*

Our revenue increased by approximately HK\$169.3 million or 94.5% from approximately HK\$179.1 million for the eight months ended 30 November 2014 to approximately HK\$348.4 million for the eight months ended 30 November 2015, mainly due to an increase from each of our broking business and securities margin financing business.

Our revenue from the broking business increased by approximately HK\$67.1 million or 117.1% from approximately HK\$57.3 million for the eight months ended 30 November 2014 to approximately HK\$124.4 million for the eight months ended 30 November 2015, mainly due to an increase in our brokerage commission, underwriting and placing commission and upfront fee.

- Our brokerage commission has increased by HK\$31.8 million or 92.7% from approximately HK\$34.3 million for the eight months ended 30 November 2014 to approximately HK\$66.1 million for the eight months ended 30 November 2015, mainly due to the increased trading activities of our customers for the eight months ended 30 November 2015, compared to the same period in 2014. The brokerage commission rates remained stable for the eight months ended 30 November 2015.
- Our underwriting and placing commission increased by approximately HK\$25.0 million or 252.5% from approximately HK\$9.9 million for the eight months ended 30 November 2014 to approximately HK\$34.9 million for the eight months ended 30 November 2015, mainly due to the increase in the number of placing and rights issue transactions that we participated in, from 14 transactions for the eight months ended 30 November 2014 to 24 transactions for the eight months ended 30 November 2015.
- Our upfront fee income from proof of funds increased by approximately HK\$3.3 million or 47.8% from approximately HK\$6.9 million for the eight months ended 30 November 2014 to approximately HK\$10.2 million for the eight months ended 30 November 2015, mainly due to the increase in the number of transactions relating to the Takeovers Code that we were involved in, from two transactions for the eight months ended 30 November 2014, to three transactions for the eight months ended 30 November 2015.

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Our revenue from interest income from securities margin financing business increased by approximately HK\$101.2 million or 84.1% from approximately HK\$120.3 million for the eight months ended 30 November 2014 to approximately HK\$221.5 million for the eight months ended 30 November 2015, mainly due to an increase in the balance of margin loans. The monthly average balance of the margin loan increased from approximately HK\$2.0 billion for the eight months ended 30 November 2014 to approximately HK\$3.3 billion for the eight months ended 30 November 2015, representing a growth of approximately 65.0%. The increase in the margin loan balance reflected the expansion of our securities margin financing business which was supported by the interest free advances provided by GN Holdings.

Our revenue from corporate finance advisory services increased by approximately HK\$1.0 million or 66.7% from approximately HK\$1.6 million for the eight months ended 30 November 2014 to approximately HK\$2.5 million for the eight months ended 30 November 2015, mainly due to an increase in the number of transactions where we acted as financial advisors and higher advisory fees that we charged our clients for the eight months ended 30 November 2015 where we acted as financial advisers in general offer and open offer transactions.

### *Other operating income*

Our other operating income decreased by approximately HK\$2.8 million or 97.8% from approximately HK\$2.8 million for the eight months ended 30 November 2014 to approximately HK\$63,000 for the eight months ended 30 November 2015, mainly due to the fact that we recorded sundry income in the amount of approximately HK\$2.7 million from unidentified and unclaimed deposits for over seven years in the eight months ended 30 November 2014, and we did not record any such income in the eight months ended 30 November 2015.

### *Other gains and losses*

We recorded other losses in the amount of approximately HK\$3.3 million for the eight months ended 30 November 2015 while we recorded other gains in the amount of approximately HK\$2.0 million for the eight months ended 30 November 2014. The difference was mainly due to the net recognition of impairment loss on loans to securities of approximately HK\$3.1 million in the eight months ended 30 November 2015 and the net reversal of impairment loss on loans to securities margin clients in the amount of approximately HK\$2.0 million in the eight months ended 30 November 2014.

### *Depreciation*

Our depreciations expenses remained stable at approximately HK\$4.4 million and HK\$4.5 million for the eight months ended 30 November 2014 and 2015, respectively.

### *Commission expenses*

Our commission expenses increased by approximately HK\$7.9 million or 72.5% from approximately HK\$10.9 million for the eight months ended 30 November 2014 to approximately HK\$18.8 million for the eight months ended 30 November 2015, mainly due to the increased trading activities of our customers in the Referred Accounts for the eight months ended 30 November 2015.

### *Finance costs*

We did not have material amount of finance costs for the eight months ended 30 November 2014 and 2015.

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## FINANCIAL INFORMATION

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### *Staff costs*

Our staff costs increased by approximately HK\$1.6 million or 20.5% from approximately HK\$7.8 million for the eight months ended 30 November 2014 to approximately HK\$9.4 million for the eight months ended 30 November 2015, mainly due to an increase in salaries and other benefits of approximately HK\$1.5 million, which was in turn mainly due to payment of a special bonus in July 2015 and an increase in the level of salary since September 2015.

### *Other expenses*

Our other expenses increased by approximately HK\$13.7 million or 76.5% from approximately HK\$17.9 million for the eight months ended 30 November 2014 to approximately HK\$31.6 million for the eight months ended 30 November 2015, mainly due to the increase in CCASS settlement expenses and the listing expenses incurred during the eight months ended 30 November 2015.

### *Profit before taxation*

As a result of the foregoing, our profit before taxation increased by approximately HK\$137.5 million or 96.4% from approximately HK\$142.7 million for the eight months ended 30 November 2014 to approximately HK\$280.2 million for the eight months ended 30 November 2015.

### *Income tax*

Our income tax expenses increased by approximately HK\$24.4 million or 103.4% from approximately HK\$23.6 million for the eight months ended 30 November 2014 to approximately HK\$48.0 million for the eight months ended 30 November 2015, in line with the increase in our revenue. Our effective tax rates were approximately 16.5% and 17.1% for the eight months ended 30 November 2014 and 2015 respectively.

### *Net profit for the period*

Our net profit for the period increased by approximately HK\$113.0 million or 94.8% from approximately HK\$119.2 million for the eight months ended 30 November 2014 to approximately HK\$232.2 million for the eight months ended 30 November 2015, as a result of the cumulative effects of the factors described above. Our net profit margin remained stable at approximately 66.6% and 66.6% for the eight months ended 30 November 2014 and 2015, respectively.

## **Year ended 31 March 2015 compared to year ended 31 March 2014**

### *Revenue*

Our revenue increased by approximately HK\$93.9 million or 47.8% from approximately HK\$196.6 million for the year ended 31 March 2014 to approximately HK\$290.5 million for the year ended 31 March 2015, mainly due to an increase in our revenue from each of our broking business, securities margin financing business and corporate finance advisory services.

Our revenue from broking business increased by approximately HK\$24.5 million or 38.9% from approximately HK\$63.0 million for the year ended 31 March 2014 to approximately HK\$87.5 million for the year ended 31 March 2015, mainly due to an increase in our brokerage commission, underwriting and placing commission and upfront fee.

- Our brokerage commission increased by approximately HK\$11.1 million or 25.4% from approximately HK\$43.7 million for the year ended 31 March 2014 to approximately HK\$54.8 million for the year ended 31 March 2015, mainly due to the increased trading activities of the overall securities markets in Hong Kong. The brokerage commission rates remained stable for the year ended 31 March 2015.



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## FINANCIAL INFORMATION

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- Our underwriting and placing commission increased by approximately HK\$3.9 million or 46.4% from approximately HK\$8.4 million for the year ended 31 March 2014 to approximately HK\$12.3 million for the year ended 31 March 2015, mainly due to an increase in the number of placing and rights issue transactions that we participated from 13 transactions for the year ended 31 March 2014 to 19 transactions for the year ended 31 March 2015.
- Our upfront fee income from proof of funds increased by approximately HK\$10.9 million from nil for the year ended 31 March 2014 to approximately HK\$10.9 million for the year ended 31 March 2015, mainly due to increase in the number of transactions relating to the Takeovers Code that we participated from nil for the year ended 31 March 2014 to three transactions for the year ended 31 March 2015.

Our revenue from interest income from securities margin financing business increased by approximately HK\$67.9 million or 51.0% from approximately HK\$133.1 million for the year ended 31 March 2014 to approximately HK\$201.0 million for the year ended 31 March 2015, mainly due to an increase in the balance of margin loans. The monthly average balance of the margin loan increased from approximately HK\$1.6 billion for the year ended 31 March 2014 to approximately HK\$2.2 billion for the year ended 31 March 2015, representing a growth of approximately 37.5%. The increase in the margin loan balance reflected the expansion of our securities margin financing business which was supported by the interest-free advances provided by GN Holdings.

Our revenue from corporate finance advisory services increased by approximately HK\$1.6 million or 400.0% from approximately HK\$0.4 million for the year ended 31 March 2014 to approximately HK\$2.0 million for the year ended 31 March 2015, mainly due to an increase in the number of transactions where we acted as financial advisors and higher advisory fees that we charged our clients for the year ended 31 March 2015 where we acted as financial advisers in general offer and open offer transactions.

### *Other operating income*

Our other operating income increased by approximately HK\$2.8 million or 28 times from approximately HK\$0.1 million for the year ended 31 March 2014 to approximately HK\$2.9 million increase in sundry income in the amount of approximately HK\$2.7 million, from unidentified and unclaimed deposits for over seven years which we could record as income for the year ended 31 March 2015.

### *Other gains and losses*

We recorded other gains in the amount of approximately HK\$1.6 million for the year ended 31 March 2015, while we recorded other losses in the amount of approximately HK\$1.8 million for the year ended 31 March 2014. The difference was mainly due to a change from the net recognition of impairment loss on loans to margin clients in the amount of approximately HK\$1.7 million for the year ended 31 March 2014 to a net reversal of impairment loss on loans to margin clients in the amount of HK\$3.0 million for the year ended 31 March 2015, as partially offset by loss on disposal of property and equipment in the amount of approximately HK\$1.5 million.

### *Depreciation*

Our depreciation expenses remained stable at approximately HK\$6.8 million and HK\$6.7 million for the years ended 31 March 2014 and 2015, respectively.

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## FINANCIAL INFORMATION

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### *Commission expenses*

Our commission expenses increased by approximately HK\$2.8 million or 19.3% from approximately HK\$14.5 million for the year ended 31 March 2014 to approximately HK\$17.3 million for the year ended 31 March 2015, mainly due to the increased trading activities of the securities markets in Hong Kong.

### *Finance costs*

We did not have material amount of finance costs for the years ended 31 March 2014 and 2015.

### *Staff costs*

Our staff costs remained relatively stable at approximately HK\$12.5 million and HK\$12.9 million for the years ended 31 March 2014 and 2015, respectively.

### *Other expenses*

Our other expenses remained stable at approximately HK\$25.5 million for the year ended 31 March 2014 and approximately HK\$26.8 million for the year ended 31 March 2015, mainly due to an increase in entertainment and travelling expenses in the amount of approximately HK\$1.7 million, increase in repair and maintenance fee in the amount of approximately HK\$0.5 million, as partially offset by a decrease in trading platform expenses in the amount of approximately HK\$1.1 million for the year ended 31 March 2015.

### *Profit before taxation*

As a result of the foregoing, our profit before taxation increased by approximately HK\$95.5 million or 70.6% from approximately HK\$135.3 million for the year ended 31 March 2014 to approximately HK\$230.8 million for the year ended 31 March 2015.

### *Income tax*

Our income tax expenses increased by approximately HK\$16.8 million or 76.4% from approximately HK\$22.0 million for the year ended 31 March 2014 to approximately HK\$38.8 million for the year ended 31 March 2015, in line with the increase in our revenue. Our effective tax rates were approximately 16.2% and 16.8% for the years ended 31 March 2014 and 2015, respectively.

### *Net profit for the year*

Our net profit for the year increased by approximately HK\$78.7 million or 69.5% from approximately HK\$113.3 million for the year ended 31 March 2014 to approximately HK\$192.0 million for the year ended 31 March 2015, as a result of the cumulative effects of the factors described above. Our net profit margin increased from approximately 57.7% for the year ended 31 March 2014 to approximately 66.1% for the year ended 31 March 2015, mainly due to an increase in interest income due to the further expansion of our securities margin financing business while our staff costs and other expenses remained relatively stable.

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## FINANCIAL INFORMATION

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### Year ended 31 March 2014 compared to year ended 31 March 2013

#### *Revenue*

Our revenue increased by approximately HK\$38.3 million or 24.2% from approximately HK\$158.3 million for the year ended 31 March 2013 to approximately HK\$196.6 million for the year ended 31 March 2014, mainly due to an increase in our revenue from our broking business and securities margin financing.

Our revenue from broking business increased by approximately HK\$19.9 million or 46.1% from approximately HK\$43.2 million for the year ended 31 March 2013 to approximately HK\$63.1 million for the year ended 31 March 2014, mainly due to an increase in our brokerage commission, underwriting and placing commission and an increase in handling charges and interest income from our deposits.

- Our brokerage commission increased by approximately HK\$11.2 million or 34.5% from approximately HK\$32.5 million for the year ended 31 March 2013 to approximately HK\$43.7 million for the year ended 31 March 2014, mainly due to the increased trading activities of the overall securities markets in Hong Kong. The brokerage commission rates remained stable during the year ended 31 March 2014.
- Our underwriting and placing commission increased by approximately HK\$1.0 million or 13.5% from approximately HK\$7.4 million for the year ended 31 March 2013 to approximately HK\$8.4 million for the year ended 31 March 2014, mainly due to an increase in the number of placing and rights issues transactions that we participated from eight transactions for the year ended 31 March 2013 to 13 transactions for the year ended 31 March 2014.

Our revenue from interest income from securities margin financing increased by approximately HK\$18.5 million or 16.1% from approximately HK\$114.6 million for the year ended 31 March 2013 to approximately HK\$133.1 million for the year ended 31 March 2014, mainly due to an increase in the amount of margin loans. The monthly average margin loan balance increased from approximately HK\$1.4 billion for the year ended 31 March 2013 to approximately HK\$1.6 billion for the year ended 31 March 2014, representing a growth of approximately 14.3%. The increase in the margin loan balance reflected the expansion of our securities margin finance business which was supported by the interest-free advances provided by GN Holdings.

Our revenue from corporate finance advisory services remained stable at approximately HK\$0.5 million for the year ended 31 March 2013 and approximately HK\$0.4 million for the year ended 31 March 2014.

#### *Other operating income*

We had no material other operating income for the years ended 31 March 2013 and 2014.

#### *Other gains and losses*

Our other losses increased by approximately HK\$1.7 million or 17 times from approximately HK\$0.1 million for the year ended 31 March 2013 to approximately HK\$1.8 million for the year ended 31 March 2014, mainly due to an increase in net recognition of impairment loss on loans to margin clients of approximately HK\$0.9 million for the year ended 31 March 2013, an increase in net realised losses on error trade of approximately HK\$0.1 million, as partially offset by a decrease in realised gains on financial assets held for trading of approximately HK\$0.3 million, a decrease in unrealised gains on financial assets held for trading of approximately HK\$0.1 million and a decrease in gain on disposal of property and equipment of approximately HK\$0.2 million.

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## FINANCIAL INFORMATION

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### *Depreciation*

Our depreciation expenses remained stable at approximately HK\$6.8 million for each of the years ended 31 March 2013 and 2014.

### *Commission expenses*

Our commission expenses increased by approximately HK\$4.4 million or 43.6% from approximately HK\$10.1 million for the year ended 31 March 2013 to approximately HK\$14.5 million for the year ended 31 March 2014, mainly due to the increased trading activities of the overall securities markets in Hong Kong.

### *Finance costs*

We did not have material amount of finance costs for the years ended 31 March 2013 and 2014.

### *Staff costs*

Our staff costs remained relatively stable at approximately HK\$12.7 million and HK\$12.5 million for the years ended 31 March 2013 and 2014, respectively.

### *Other expenses*

Our other expenses increased by approximately HK\$1.1 million or 4.5% from approximately HK\$24.4 million for the year ended 31 March 2013 to approximately HK\$25.5 million for the year ended 31 March 2014, mainly due to an increase in entertainment and travelling expenses in the amount of approximately HK\$0.8 million, an increase in CCASS settlement expenses in the amount of approximately HK\$0.7 million, as partially offset by a decrease in the auditor's remuneration in the amount of approximately HK\$0.9 million.

### *Profit before taxation*

As a result of the foregoing, our profit before taxation increased by approximately HK\$31.1 million or 29.8% from approximately HK\$104.2 million for the year ended 31 March 2013 to approximately HK\$135.3 million for the year ended 31 March 2014.

### *Income tax*

Our income tax expenses increased by approximately HK\$4.0 million or 22.2% from approximately HK\$18.0 million for the year ended 31 March 2013 to approximately HK\$22.0 million for the year ended 31 March 2014, mainly due to the increase in our revenue. Our effective tax rates were approximately 17.2% and 16.2% for the years ended 31 March 2013 and 2014, respectively.

### *Net profit for the year*

Our net profit for the year increased by approximately HK\$27.1 million or 31.4% from approximately HK\$86.2 million for the year ended 31 March 2013 to approximately HK\$113.3 million for the year ended 31 March 2014, as a result of the cumulative effects of the factors described above. Our net profit margin increased from approximately 54.5% for the year ended 31 March 2013 to approximately 57.7% for the year ended 31 March 2014, mainly due to an increase in interest income due to the securities margin financing business expansion of our Group while our staff costs and other expenses remained relatively stable.

## FINANCIAL INFORMATION

### LIQUIDITY AND CAPITAL RESOURCES

#### Overview

During the Track Record Period, our operations were primarily financed by cash generated from our operations, our own funds and an interest-free advance from GN Holdings. The interest-free advances from GN Holdings will be settled prior to the Listing. Following completion of the Listing, we expect that we will principally rely on cash generated from our operations, our own funds, net proceeds from the Listing and bank borrowings to fund our operations.

#### Cash Flow

The table below sets out selected cash flow data from our combined statements of cash flows as for the periods indicated:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Net cash generated from/(used in) operating activities . . . . .	132,962	(252,462)	(1,029,963)	(328,674)	(222,490)
Net cash used in investing activities . . . . .	(2,417)	(1,686)	(11,088)	(1,017)	(23,708)
Net cash (used in)/generated from financing activities . . . . .	(119,402)	631,663	681,556	120,095	272,524

#### *Net cash generated from/used in operating activities*

Net cash flow from our Group's operating activities reflects the profit of our Group being adjusted mainly for the non-cash items (such as depreciation, gain/loss on disposal of property and equipment and net recognition/reversal of impairment loss on loans to our margin clients) and the effects of cash flows arising from increase/decrease in accounts receivable, accounts payable, bank balance – client accounts as well as accrued charges and other payables, etc.

For the eight months ended 30 November 2014 and 2015, we had net cash used in operating activities of approximately HK\$328.7 million and HK\$222.5 million. The net cash used was mainly due to the expansion of our securities margin financing business.

For the years ended 31 March 2014 and 2015, we had net cash used in operating activities of approximately HK\$252.5 million and HK\$1,030.0 million. The net cash used was mainly due to the expansion of our securities margin financing business. With the additional interest-free advance provided by GN Holdings (which is classified under financing activities), we had more capital to provide our margin clients with margin loans for leveraging their securities investments resulting in net cash used in operating activities for the years ended 31 March 2014 and 2015. For the year ended 31 March 2013, we had net cash generated from operating activities of approximately HK\$133.0 million. The net cash generated from operating activities was mainly contributed by our securities margin financing business.

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## FINANCIAL INFORMATION

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### *Net cash used in investing activities*

We had net cash used in investing activities of approximately HK\$23.7 million for the eight months ended 30 November 2015, mainly due to the net changes in amounts due from the ultimate holding company in the amount of approximately HK\$22.3 million and the purchase of property and equipment in the amount of approximately HK\$1.5 million.

We had net cash used in investing activities of approximately HK\$1.0 million for the eight months ended 30 November 2014, mainly due to the net changes in amounts due from the ultimate holding company in the amount of approximately HK\$606,000 and the purchase of property and equipment in the amount of approximately HK\$409,000.

We had net cash used in investing activities of approximately HK\$11.1 million for the year ended 31 March 2015, mainly due to net changes in amounts due from the ultimate holding company and a fellow subsidiary in the amount of approximately HK\$10.5 million and purchase of property and equipment in the amount of approximately HK\$0.6 million.

We had net cash used in investing activities of approximately HK\$1.7 million for the year ended 31 March 2014, mainly due to net changes in repayments of amounts due from the ultimate holding company and a fellow subsidiary in the amount of approximately HK\$1.3 million and purchase of property and equipment in the amount of approximately HK\$0.4 million.

We had net cash used in investing activities of approximately HK\$2.4 million for the year ended 31 March 2013, mainly due to net changes in amounts due from the ultimate holding company and a fellow subsidiary in the amount of approximately HK\$1.0 million and purchase of property and equipment in the amount of approximately HK\$1.6 million, as partially offset by proceeds from disposal of property and equipment in the amount of approximately HK\$0.2 million.

### *Net cash used in/generated from financing activities*

We had net cash generated from financing activities of approximately HK\$272.5 million for the eight months ended 30 November 2015, mainly due to the net changes in amounts due to the ultimate holding company in the amount of approximately HK\$481.8 million and as partially offset by repayments of bank borrowings in the amount of approximately HK\$208.5 million.

We had net cash generated from financing activities of approximately HK\$120.1 million for the eight months ended 30 November 2014, mainly due to the net changes in the amount due to ultimate holding company in the amount of approximately HK\$120.3 million.

We had net cash generated from financing activities of approximately HK\$681.6 million for the year ended 31 March 2015, mainly due to the net changes in amounts due to the ultimate holding company in the amount of approximately HK\$473.5 million, proceeds from bank borrowings in the amount of approximately HK\$638.5 million, as partially offset by repayments of bank borrowings in the amount of approximately HK\$430.0 million.

We had net cash generated from financing activities of approximately HK\$631.7 million for the year ended 31 March 2014, mainly due to net changes in the amounts due to the ultimate holding company in the amount of approximately HK\$676.9 million, as partially offset by dividend payment in the amount of approximately HK\$45.0 million.

We had net cash used in financing activities of approximately HK\$119.4 million for the year ended 31 March 2013, mainly due to net changes in amounts due to the ultimate holding company in the amount of approximately HK\$119.2 million.



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The continued increase in the amounts due to the ultimate holding company during the Track Record Period reflected the provision of the interest-free advances by GN Holdings to support the expansion of our securities margin financing business.

### Net Current Assets

The table below sets out the breakdown of our current assets and current liabilities as at the dates indicated:

	As at 31 March			As at 30 November	As at 31 January
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(unaudited)</i>
<b>Current assets</b>					
Accounts receivable	1,442,882	1,791,025	3,042,821	3,594,700	3,617,202
Prepayments, deposits and other receivables	1,932	1,745	1,351	4,167	4,423
Amounts due from the ultimate holding company	120,913	122,189	132,684	154,990	154,055
Amounts due from a fellow subsidiary	50	50	54	–	–
Tax recoverable	117	–	26	17	550
Financial assets held for trading	136	115	191	24	118
Bank balances – client accounts	198,312	796,858	205,332	331,537	630,350
Bank balances – general accounts and cash	135,072	512,587	153,092	179,418	295,197
<b>Total current assets</b>	<b>1,899,414</b>	<b>3,224,569</b>	<b>3,535,551</b>	<b>4,264,853</b>	<b>4,701,895</b>
<b>Current liabilities</b>					
Accounts payable	293,399	861,562	278,204	456,487	667,975
Accrued charges and other payables	5,319	5,646	5,089	5,004	4,921
Amounts due to the ultimate holding company	797,444	1,474,309	1,947,848	2,429,611	2,660,973
Tax payables	2,840	9,128	21,960	64,499	33,593
Bank borrowings	–	–	208,490	–	–
<b>Total current liabilities</b>	<b>1,099,002</b>	<b>2,350,645</b>	<b>2,461,591</b>	<b>2,955,601</b>	<b>3,367,462</b>
<b>Net current assets</b>	<b>800,412</b>	<b>873,924</b>	<b>1,073,960</b>	<b>1,309,252</b>	<b>1,334,433</b>

Our net current assets increased by approximately HK\$73.5 million from approximately HK\$800.4 million as at 31 March 2013 to approximately HK\$873.9 million as at 31 March 2014, mainly due to an increase in accounts receivable in the amount of approximately HK\$348.1 million, an increase in bank balances – client accounts in the amount of approximately HK\$598.5 million and an increase in bank balances – general accounts and cash in the amount of approximately HK\$377.5 million, as partially offset by an increase in accounts payable in the amount of approximately HK\$568.2 million and an increase in amounts due to the ultimate holding company in the amount of approximately HK\$676.9 million.



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## FINANCIAL INFORMATION

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Our net current assets increased by approximately HK\$200.1 million from approximately HK\$873.9 million as at 31 March 2014 to approximately HK\$1,074.0 million as at 31 March 2015, mainly due to an increase in accounts receivable in the amount of approximately HK\$1,251.8 million, a decrease in accounts payable in the amount of approximately HK\$583.4 million and an increase in the amounts due from the ultimate holding company in the amount of approximately HK\$10.5 million, as partially offset by a decrease in bank balances – client accounts in the amount of approximately HK\$591.5 million, a decrease in bank balances – general accounts and cash in the amount of approximately HK\$359.5 million, an increase in amounts due to the ultimate holding company in the amount of approximately HK\$473.5 million, an increase in tax payables in the amount of approximately HK\$12.9 million and an increase in bank borrowings in the amount of approximately HK\$208.5 million.

Our net current assets increased by approximately HK\$235.3 million from approximately HK\$1,074.0 million as at 31 March 2015 to approximately HK\$1,309.3 million as at 30 November 2015, mainly due to an increase in accounts receivable in the amount of approximately HK\$551.9 million, an increase in bank balances – client accounts in the amount of approximately HK\$126.2 million, the absence of bank borrowings as at 30 November 2015, as partially offset by an increase in accounts payable in the amount of approximately HK\$178.3 million and an increase in amounts due to the ultimate holding company in the amount of approximately HK\$481.8 million.

Our net current assets increased by approximately HK\$25.2 million from approximately HK\$1,309.2 million as at 30 November 2015 to approximately HK\$1,334.4 million as at 31 January 2016, mainly due to an increase in accounts receivable in the amount of approximately HK\$22.5 million.

Details on the changes in key items of our current assets and current liabilities are set out as in the next paragraph.

### **DESCRIPTION OF SELECTED ITEMS OF OUR COMBINED STATEMENTS OF FINANCIAL POSITION**

#### ***Bank balances – client accounts***

Our Group receives and holds money deposited by our clients and other institutions during the course of conducting its regulated activities in our ordinary course of business. Such clients' monies are maintained in one or more segregated bank accounts. Our bank balances – client accounts increased from approximately HK\$198.3 million as at 31 March 2013 to approximately HK\$796.9 million as at 31 March 2014 and decreased to approximately HK\$205.3 million as at 31 March 2015, mainly due to an increase in bank balances – client accounts as at 31 March 2014 by the deposit of a margin client to its margin account in the amount of approximately HK\$600.0 million in connection with its proposed acquisition of shares of a listed company in a takeover transaction. The deposit was withdrawn by the client over the course of the year ended 31 March 2015 resulting in a decrease in bank balances – client accounts as at 31 March 2015. Our bank balances – Client accounts increased from approximately HK\$205.3 million as at 31 March 2015 to approximately HK\$331.5 million as at 30 November 2015, mainly due to an increase in the deposit paid into the client accounts and proceeds from sold trades of securities by a number of clients since April 2015.

## FINANCIAL INFORMATION

### Accounts receivable

Our accounts receivable includes receivables from cash clients, margin clients, broker and clearing houses. The table below sets out the composition of accounts receivable for the dates indicated:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015 HK\$'000
Accounts receivable arising from the business of dealing in securities:				
– Cash clients				
– A fellow subsidiary . . . . .	–	4,354	–	–
– Other cash clients . . . . .	22,194	17,439	12,969	17,403
– Margin clients:				
– Directors and their close family members . . . . .	593	1,413	1,566	612
– Other margin clients . . . . .	1,426,090	1,761,229	2,996,931	3,560,157
– A broker . . . . .	–	–	629	1
– HKSCC . . . . .	2	20,064	40,094	28,659
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts . . . . .	9,968	4,141	5,234	5,254
	1,458,847	1,808,640	3,057,423	3,612,086
Less: Impairment allowance . . . . .	(15,965)	(17,615)	(14,602)	(17,386)
	<u>1,442,882</u>	<u>1,791,025</u>	<u>3,042,821</u>	<u>3,594,700</u>

The typical settlement terms of accounts receivable from cash clients, securities clearing house and a broker are two days after the trade date (T+2) while the accounts receivable from futures clearing house are one day after the trade date.

Accounts receivable from cash clients relates to purchase transactions by the clients that are executed but not yet settled in cash pursuant to the T+2 settlement basis. For cash client balances that are not settled within two days after the execution of a transaction, we charge overdue interest. Our accounts receivable from cash clients (excluding a fellow subsidiary) decreased from approximately HK\$22.2 million as at 31 March 2013 to approximately HK\$17.4 million as at 31 March 2014 to approximately HK\$13.0 million as at 31 March 2015 and increased to approximately HK\$17.4 million as at 30 November 2015. The changes in accounts receivable from cash clients as at 31 March 2013, 2014 and 2015 and 30 November 2015 were driven by the transactions conducted by our cash clients in the last two trade days before 31 March 2013, 2014 and 2015 and 30 November 2015.

The table below sets out the ageing analysis of our accounts receivable from cash clients which are past due but not impaired as at the dates indicated:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015 HK\$'000
0 – 30 days . . . . .	624	3,233	748	168
31 – 60 days . . . . .	86	69	67	165
Over 60 days . . . . .	–	–	20	15
	<u>710</u>	<u>3,302</u>	<u>835</u>	<u>348</u>

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## FINANCIAL INFORMATION

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As at 31 March 2013, 2014 and 2015 and 30 November 2015, the amount of accounts receivable from cash client which is past due but not impaired amounted to approximately HK\$0.7 million, HK\$3.3 million, HK\$0.8 million, and HK\$0.3 million respectively. There is a balance of approximately HK\$3.2 million of accounts receivable ageing less than 30 days as at 31 March 2014, mainly due to late settlement payment of outstanding amounts from a number of cash clients. All of these outstanding amounts have already been settled. We have not provided for impairment loss over these amounts as we are of the view that these amounts are recoverable. As at 31 January 2016, approximately 90.6% of the outstanding balance of accounts receivable from our cash clients which was past due but not impaired as at 30 November 2015 had been fully settled.

Accounts receivable from margin clients represents the outstanding margin loan receivables from our margin clients, it relates to securities purchases on credit by clients having margin accounts with us. The margin loans, are usually pledged with securities as collateral. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding margin loan amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at our discretion to settle any outstanding margin loan amount owed by our margin clients. As at 31 March 2013, 2014 and 2015, the outstanding margin loans were secured by clients' pledged securities with fair value of approximately HK\$3.8 billion, HK\$6.3 billion and HK\$15.9 billion, respectively and as at 30 November 2015, the outstanding margin loans were secured by clients' pledged securities with fair value of approximately HK\$17.9 billion. Amongst our margin loan amounts as at 31 March 2013, 2014 and 2015, the margin loans with an aggregate outstanding balance of approximately HK\$32.4 million, HK\$40.5 million and HK\$35.8 million, respectively, were not fully secured and as at 30 November 2015, the margin loans with an aggregate outstanding balance of HK\$29.4 million were not fully secured mainly due to a decrease in the value of collateral. As at 31 March 2013, 2014 and 2015 and 30 November 2015, we held collateral of listed equity securities with a fair value of approximately HK\$17.1 million, HK\$11.7 million, HK\$14.6 million and HK\$7.8 million, respectively in respect of these loans. There is no significant concentration of credit risk on these margin loans, as these margin loans were spread over a number of clients. In the event when our margin loan amounts are not fully secured due to a decrease in the value of collateral, the actions that we have taken include the following:

1. We made appropriate provision for impairment allowance. For example, as at 30 November 2015, approximately HK\$29.4 million comprising from over 150 clients collectively in outstanding margin loan balance were not being fully secured. Our Group has adopted a prudent approach by making provision for impairment allowance of approximately HK\$17.4 million in relation to all shortfalls that exceeded HK\$200,000.
2. We issued margin calls requesting the clients to deposit additional funds or securities to reduce our exposure to credit risk; and
3. In cases where we determined that our clients would be unable to meet the margin calls, we have sold the relevant pledged securities and applied the sales proceeds towards repayment of the outstanding balance.

As at 31 March 2013, 2014 and 2015 and 30 November 2015, approximately 59.0%, 54.1%, 38.3% and 42.5% of the total margin loans was due from our ten largest margin clients.

In view of the nature of the business of securities margin financing, we do not consider it necessary to disclose the ageing analysis of the accounts receivable from our margin clients as it does not give additional value.

During the Track Record Period, the interest rates charged by our Group on the margin loans typically ranged from Hong Kong Prime Rate +2% (approximately 7.2% per annum) to Hong Kong Prime Rate + 4.45% (approximately 9.45%) and in some cases the rate may go up to 18% per annum. These interest rates are determined with reference to the credit standing of the relevant clients and the quality of the securities pledged and/or other collaterals given.

## FINANCIAL INFORMATION

We have made impairment allowance of approximately HK\$16.0 million, HK\$17.6 million, HK\$14.6 million in respect of our loans to margin clients as at 31 March 2013, 2014 and 2015, respectively. We have made impairment allowance of approximately HK\$17.4 million in respect of our loans to margin clients as at 30 November 2015. The table below sets out the movements in the allowances for impaired debts in respect of the loans to margin clients for the periods indicated:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015
Balance at beginning of the year . . . . .	15,937	15,965	17,615	14,602
Net charge (reversal) for the year . . . . .	755	1,657	(3,013)	3,129
Write-off . . . . .	(727)	(7)	–	(345)
Balance at end of the year. . . . .	<u>15,965</u>	<u>17,615</u>	<u>14,602</u>	<u>17,386</u>

In determining the allowances for impaired loans to margin clients we consider the margin shortfall by comparing the value of stock portfolio and the outstanding balance of the margin loan to margin clients individually. Impairments are made for those clients with margin shortfall as at the end of the financial year and with no settlement after the year end.

In addition to the individually assessed allowances for impaired margin loans, our Group also assesses, on a collective basis, an impairment allowance for margin loan receivable from our margin clients that are individually insignificant or accounts receivable where no impairment has been identified individually. Objective evidence of collective impairment could include our past experience of collecting payments, internal credit rating and observable changes in national or local economic conditions that correlate with default on receivables. No significant amount of collective impairment allowance is considered necessary based on our evaluation.

The table below sets out the accounts receivable from related margin clients as at the dates indicated:

Name	Maximum amount outstanding		Maximum amount outstanding		Maximum amount outstanding		Maximum amount outstanding	
	Balance as at	during the year ended	Balance as at	during the year ended	Balance as at	during the year ended	Balance during the eight months ended	at months ended
	31 March 2013	31 March 2013	31 March 2014	31 March 2014	31 March 2015	31 March 2015	30 November 2015	30 November 2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Lung Hon Lui (Director of GN Holdings) . . . . .	593	5,332	260	601	129	1,123	–	356
Mr. Ho Kwok Kwan (Former key management personnel of our Group who passed away on 20 October 2015) . . . . .	570	570	354	462	406	517	247	1,015
Mr. Hung Hon Man (Director of our Company) and close family members . . . . .	–	3,337	569	569	796	2,576	–	2,514
Mr. Hung Sui Kwan (Director of our Company) and close family members . . . . .	–	2,505	584	594	641	641	532	1,458
Mr. Kam Leung Ming (Director of our Company) and close family members . . . . .	–	–	–	–	–	–	80	246
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80</u>	<u>246</u>

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The margin loan receivables from the related margin clients above are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other independent margin clients.

Accounts receivable from clearing houses represent amounts receivable from the clearing houses for sale transactions executed by our clients but not yet settled as at the year-end dates.

Accounts receivable from a broker represent amounts receivable from a broker for sale transactions executed by our clients but not yet settled as at the year-end dates.

### **Accounts payable**

Accounts payable includes payables to cash clients, margin clients, clearing houses, a broker, a placing principal as well as to clients arising from the business of dealing in future contracts. The table below sets out the breakdown of our accounts payable as at the dates indicated:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015 HK\$'000
Accounts payable arising from the business of dealing in securities:				
– Cash clients	111,328	103,714	144,913	89,250
– Margin clients	113,681	744,751	114,193	255,399
– Clearing houses	50,278	–	1,219	33,983
– A broker	–	3,808	84	20
– A placing principal	–	–	–	67,605
Accounts payable to clients arising from the business of dealing in futures contracts	18,112	9,289	17,795	10,230
	<u>293,399</u>	<u>861,562</u>	<u>278,204</u>	<u>456,487</u>

Accounts payable from cash and margin clients relate to sale transactions by those clients that have been executed but not yet settled in cash pursuant to the T+2 settlement basis with the amount of money deposited in segregated accounts. Our accounts payable from margin clients increased from approximately HK\$113.7 million as at 31 March 2013 to approximately HK\$744.8 million as at 31 March 2014 mainly due to the deposit of approximately HK\$600.0 million by a client to its margin account for its proposed acquisition of the controlling stake of a listed company in a takeover transaction. The relevant deposit was withdrawn by the client over the course of the year ended 31 March 2015, and the balance decreased to approximately HK\$114.2 million as at 31 March 2015. Our accounts payable from margin clients increased from approximately HK\$114.2 million as at 31 March 2015 to approximately HK\$255.4 million as at 30 November 2015, mainly due to an increase in the deposit paid into the client accounts and proceeds from sold trades of securities by a number of clients since April 2015.

Accounts payable from clearing houses represent amounts payable to CCASS for purchase transactions executed by our client but not yet settled in CCASS pursuant to the T+2 settlement basis as at the year-end dates.

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The typical settlement terms of accounts payable to cash clients, clearing houses, a broker and a placing principal are two days after the trade date (T+2). The ageing of our accounts payable as at 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015 was within 30 days.

The accounts payable to margin clients is repayable on demand and carry interest at 0.25% per annum during the Track Record Period. No ageing analysis is disclosed as, in the opinion of our Directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Our accounts payable include amounts due to the Directors and key management personnel of our Company and GN Holdings and their close family members. As at 31 March 2013, 2014 and 2015 and as at 30 November 2015, such amounts were approximately HK\$0.1 million, HK\$1.1 million, HK\$0.3 million and HK\$2.6 million, respectively.

Accounts payable to a placing principal relate to the amount of placing proceeds that we have received but not paid to the placing principal as at 30 November 2015 in connection with a project where we acted as placing agent. Such placing proceeds had already been paid to the placing principal in December 2015.

Accounts payable to clients arising from the business of dealing in future contracts are margin deposits received from clients for their trading of future contracts on the Futures Exchange. The excess of the outstanding amounts over the required initial margin deposits stipulated by Futures Exchange are repayable to our clients on demand. No ageing analysis is disclosed as, in the opinion of our Directors, the ageing analysis does not give additional value in view of the nature of the business of future contract dealing.

The typical settlement terms of accounts payable to client arising from the business in dealing in futures contracts are one day after the trade date.

### **Amounts due from and due to related companies**

The amounts due from and due to related companies represent the current accounts between the Remaining Group and us. These balances are unsecured, interest free with no fixed terms of repayment. The table below sets out the balance of our amounts due from and due to related companies as at the dates indicated:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015
Amounts due from the ultimate holding company. . . . .	120,913	122,189	132,684	154,990
Amounts due from a fellow subsidiary . . . . .	50	50	54	-
Amounts due to the ultimate holding company. . . . .	797,444	1,474,309	1,947,848	2,429,611

During the Track Record Period, the interest-free advances from GN Holdings is one of the major source of funds to support our operations and growth. In 2013, the GN Holdings Group disposed of its hotel complex and certain assets in Macau (which was held by certain 65% owned subsidiaries of the Remaining Group) at a total cash consideration of HK\$3.25 billion. The significant increase in cash position allowed the Remaining Group to provide additional funds by way of an interest-free advance for the expansion of our Group's securities margin financing business resulting in a high growth rate in our Group's revenue and net profit. Our Directors confirm that the amount due from the ultimate holding company has been offset



## FINANCIAL INFORMATION

against the amount due to the ultimate holding company immediately before the Reorganisation, and all of these balances will be settled by cash and/or by way of capitalisation prior to the Listing. For further details, please refer to the paragraph headed “Indebtedness – Loans and other borrowings – Amounts due to GN Holdings” in this section.

### Working Capital

Our Directors believe that after taking into account the financial resources presently available to us, other internal resources and the estimated net proceeds from the Global Offering, we have sufficient working capital for our working capital requirements for at least the next 12 months from the date of this prospectus.

### RELATED PARTIES TRANSACTIONS

#### (a) Transactions with related parties

The table below sets out the related party transactions of our Group during the Track Record Period extracted from note 36 to the Accountants’ Report in Appendix I to this prospectus:

Name of related party	Nature of transaction	Year ended 31 March			Eight months ended 30 November	
		2013	2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Directors of our Company and their close family members</i>						
Messrs. Hung Hon Man, Shum Kin Wai, Frankie, Kam Leung Ming, Hung Sui Kwan and their close family members	Commission income <i>(Note 1)</i>	38	8	86	22	958
<i>Directors and key management personnel of GN Holdings and their close family members</i>						
Messrs. Cham Wai Ho, Anthony, Cheng Wai Ho, Lung Hon Lui, Ho Kwok Kwan <i>(Note 6)</i> , Ng Hon Sau, Larry and their close family members	Commission income <i>(Note 1)</i>	200	99	29	20	231
<i>Directors of our Company and their close family members</i>						
Messrs. Hung Hon Man, Hung Sui Kwan, Kam Leung Ming and their close family members	Interest income <i>(Note 2)</i>	138	59	73	44	86
<i>Directors and key management personnel of GN Holdings and their close family members</i>						
Messrs. Lung Hon Lui, Ho Kwok Kwan <i>(Note 6)</i> , Cham Wai Ho, Anthony, Ng Hon Sau, Larry and their close family members	Interest income <i>(Note 2)</i>	83	59	34	21	33
GN Holdings	Management fee expense <i>(Note 3)</i>	6,480	6,440	6,360	4,240	4,120
GN Holdings	Underwriting commission income <i>(Note 5)</i>	-	-	-	-	4,384



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*Notes:*

1. Commission was charged at rates ranging from 0.1% to 0.15% on the total value of transactions.
2. Interest was charged at rates ranging from approximately 7.2% to approximately 9.3% on the outstanding balance of margin loans.
3. Management fee was charged by our Company's immediate and ultimate holding company for overhead and administration expenses incurred.
4. During the Track Record Period, our Group provided broking services to Prime Pacific Investments Limited, a fellow subsidiary, free of charge.
5. Underwriting commission was earned from GN Holdings for underwriting services provided.
6. Mr. Ho Kwok Kwan, being our former key management personnel, passed away on 20 October 2015.

Our Directors confirm that these transactions were conducted on normal commercial terms and were fair and reasonable and in the interest of our Shareholders as a whole. For more details of our continuing connected transactions after the Listing, please refer to the section headed "Connected Transactions" in this prospectus.

### (b) Balances with related parties

The analysis of the accounts receivable from related margin clients and the amounts due from/to the related companies. Please refer to the paragraph headed "Description of Selected Items of our Combined Statements of Financial Position – Amounts due from and due to related companies" of this section for details.

Please refer to the paragraph headed "Accounts Receivable" and "Indebtedness – Loans and other borrowings" in this section for details of other transactions with related parties.

## INDEBTEDNESS

### Loans and other borrowings

The table below sets out our outstanding loans and borrowings as at the dates indicated:

	As at 31 March			As at 30 November	As at 31 January
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(unaudited)</i>
<i>Secured:</i>					
Variable rate borrowings . . . . .	–	–	20,000	–	–
Fixed rate borrowings . . . . .	–	–	188,490	–	–
	–	–	208,490	–	–
<i>Unsecured:</i>					
Amounts due to the ultimate holding company . . . . .	797,444	1,474,309	1,947,848	2,429,611	2,660,973
	<u>797,444</u>	<u>1,479,309</u>	<u>2,156,338</u>	<u>2,429,611</u>	<u>2,660,973</u>

During the Track Record Period, our bank borrowings primarily consisted of short term bank loans. We had no bank borrowings as at 31 March 2013, 31 March 2014, 30 November 2015 and 31 January 2016. Our bank borrowings as at 31 March 2015 were repayable within one year or on demand. The carrying amounts of our borrowings were all denominated in Hong Kong dollars.

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As at 31 March 2013, 2014 and 2015, and 30 November 2015 our Group obtained banking facilities totalling HK\$490.0 million, HK\$450.0 million, HK\$728.5 million and HK\$580.0 million, respectively, and the undrawn banking facilities of HK\$490.0 million, HK\$450.0 million, HK\$520.0 million and HK\$580.0 million, respectively. As at 31 March 2015, the interest rates of our bank borrowings ranged from 0.95% to HIBOR +1.85%. These banking facilities were secured by charges over pledged securities of our clients, and by corporate guarantees issued by GN Holdings. The following shows the carrying amount of the assets that we have charged to secure banking facilities granted to GN Holdings:

	As at 31 March			As at 30 November
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong				
Leasehold land. . . . .	83,980	81,530	79,080	77,447
Building . . . . .	28,733	31,366	32,235	35,028
	112,713	112,896	111,315	112,475

All of the above charges granted by us to secure banking facilities granted to GN Holdings will be released prior to the Listing.

In addition, our banking facilities are also secured by charges over clients' pledged securities of fair value of approximately HK\$460.5 million, HK\$612.8 million, HK\$1,483.1 million and HK\$934.4 million as at 31 March 2013, 2014 and 2015 and 30 November 2015, respectively, and corporate guarantees issued by GN Holdings. These corporate guarantees will be released prior to the Listing.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date:

- there had been no material defaults by us in our bank borrowings and/or breach of finance covenants;
- there had been no loan recall or early repayment request by our lenders;
- there had been no significant increase in the interest rates for banking facilities; and
- there had been no difficulty for our Group to obtain external borrowings for our operations.

### **Shareholder's Loan**

The Shareholder's Loan due to GN Holdings as at 30 November 2015 was approximately HK\$2,430 million, which will be settled before the Listing in the following ways: (i) HK\$1,000 million will be repaid in cash, of which HK\$975 million and HK\$25 million will be funded from short term external bank borrowings and our internal resources respectively; (ii) further set-off by the entire amount due from GN Holdings as at the date of the set-off; and (iii) the remaining balance will be capitalised under the Loan Capitalisation Issue. We intend to repay part of the external bank borrowings in the amount of HK\$200 million by using proceeds from the Global Offering after the Listing.

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## FINANCIAL INFORMATION

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This arrangement on repaying the Shareholder's Loan is clearer depicted in the table below:

	(HK\$million)
Shareholders Loan due to GN Holdings as at 30 November 2015 . . . . .	2,430
To be settled by:	
1. Short term external bank borrowings (cash) . . . . .	975
2. Our Group's internal resources (cash) . . . . .	<u>25</u>
This balance will be further settled by: . . . . .	1,430
3. Set-off by entire amount due from GN Holdings as at the date of the set-off; and	
4. The final remaining balance will be capitalised under the Loan Capitalisation Issue	

Having taking into account our Group's internal resources, the proceeds to be obtained from the Listing and the facility from the banks, our Directors are of the view that the repayment of not more than HK\$25 million cash from internal resources would not have any material impact on our Group's operations. On the other hand, our Group has arranged for external borrowings comprising of (i) the existing banking facilities of our Group from four banks in Hong Kong amounting to HK\$700.0 million (made up of a bank facility of HK\$580 million undertaken by our Group, and a bank facility of HK\$120 million undertaken by the Remaining Group with our Group's leasehold properties as collateral which is currently being transferred to our Group); and (ii) two additional facilities expecting to be received from two banks before Listing granting HK\$275 million of loans to our Group, with which our Group may use up to HK\$1,000 million for the repayment of Shareholders' Loans. Whether the Shareholders' Loan of up to HK\$1,000 million would be fully settled by external borrowing or through a combination of external borrowings and cash from internal resources will depend on our Group's business need at the time of the Reorganisation. Such external borrowings are undertaken by our Group in the form of short term loans repayable upon demand or up to one year with interest rates not higher than 2.34% p.a. If in any unlikely event that the two additional facilities are not forthcoming before Listing, the Directors would apply the HK\$700 million existing banking facilities to repay the Shareholders' Loan and the balance would be settled through a combination of cash from internal resources or Loan Capitalisation Issue.

Our Directors confirm that the amount due from GN Holdings has been offset against the amount due to GN Holdings immediately before the Reorganisation. The average outstanding Shareholder's Loan for each of the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015 are approximately HK\$861 million, HK\$1,547.7 million, HK\$1,607.6 million and HK\$2,433.5 million, respectively. Assuming the cost of fund for external borrowings is 2.34% p.a. (which is the highest interest rate applicable to our Group's existing facilities as at the Latest Practicable Date i.e. HIBOR + 2.25% p.a.) and the Shareholder's Loan of up to HK\$1,000 million would be settled by external borrowings of HK\$975 million, the notional interest for the Shareholders' Loan (lower of the average outstanding advance from our Controlling Shareholder or HK\$975 million) in each of the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015 are approximately HK\$20.1 million, HK\$22.8 million, HK\$22.8 million and HK\$15.2 million, respectively. On the basis that our Group uses external borrowings of up to HK\$975 million to settle the Shareholder's Loan and assuming a highest interest rate of 2.34% p.a. in respect of the external borrowings, the annual interest expense of our Group after the Listing will be approximately HK\$18.1 million based on the amount of external borrowings being HK\$775 million after taking into account a partial repayment of bank borrowings of HK\$975 million in the amount HK\$200 million by using part of proceeds from the Global Offering.

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The following sets out the impact of the notional interest on our Group's profitability, cashflow and gearing ratios during the Track Record Period had our Group obtained external borrowings of up to HK\$975 million and the remaining balance of the Shareholder's Loan been capitalised and repaid by our Group's internal resources of HK\$25 million:

**(a) Effect on our Group's profitability**

Our Directors consider that with the additional notional interest incurred, if our Group had obtained external borrowings, the profit after taxation would be reduced to approximately HK\$69.4 million, HK\$94.3 million, HK\$172.9 million and HK\$219.5 million in each of the three years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, respectively, representing a decrease in our Group's profit after taxation by approximately 19.5%, 16.8%, 9.9% and 5.5%, respectively, when compared to our Group's profit after taxation without accounting for the notional interest.

**(b) Effect on our Group's cashflow**

Our Directors also consider that with the additional notional interest incurred, if our Group had obtained external borrowings, the net cash used in financing activities would be approximately HK\$139.5 million for the year ended 31 March 2013, and the net cash generated from financing activities would be approximately HK\$608.9 million, HK\$658.8 million and HK\$257.3 million for the years ended 31 March 2014 and 2015 and for the eight months ended 30 November 2015, respectively. The cash balances of our Group would only be reduced to approximately HK\$114.9 million, HK\$489.8 million, HK\$130.3 million and HK\$164.2 million as at the year ended 31 March 2013, 2014 and 2015 and 30 November 2015, respectively representing a decrease in our Group's cash balances by approximately 14.9%, 4.5%, 14.9% and 8.5%, respectively, when compared to our Group cash balances, without accounting for the cash outflow of notional interest.

**(c) Effect on our Group's gearing ratio**

Assuming the Shareholders' Loan of up to HK\$975 million had been fully repaid by external borrowings and Loan Capitalisation Issue for the repayment of the remaining balance of the Shareholder's Loan was completed at each year ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, certain portion of the Shareholders' Loan would be reclassified as our Company's equity, the gearing ratio (total borrowings divided by total equity) of our Group would become approximately 0.71, 0.70, 0.58 and 0.35 as at 31 March 2013, 2014 and 2015 and 30 November 2015, respectively, representing an improvement to our gearing ratios as at the same dates without accounting for the notional interest of approximately 0.84, 1.45, 1.78 and 1.68, respectively.

Based on (i) the existing banking facilities of our Group from four banks in Hong Kong amounting to HK\$700.0 million (made up of a bank facility of HK\$580 million undertaken by our Group, and a bank facility of HK\$120 million undertaken by the Remaining Group with our Group's leasehold properties as collateral which is currently being transferred to our Group), of which none of them has been drawn-down and our Directors expect our Group will not draw-down any existing banking facilities immediately before the Reorganisation; (ii) two additional facilities expecting to be received from two banks before Listing amounting to HK\$275.0 million of loans to our Group; and (iii) the internal cash resources of our Group, our Directors are of the view that our Group is able to obtain sufficient external borrowings to repay the Shareholders' Loans of up to HK\$1,000 million.

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## FINANCIAL INFORMATION

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Our Directors are of the view that there would be no material adverse impact on our Group's liquidity in light of the repayment of the Shareholder's Loan of up to HK\$1,000 million, high gearing ratios and operating cash outflows for the two years ended 31 March 2015 and for the eight months ended 30 November 2015 for the following reasons:

1. The repayment of the Shareholders' Loan of up to HK\$1,000 million and the Loan Capitalisation Issue will occur simultaneously at the time of Reorganisation. The Loan Capitalisation Issue would improve our Group's liquidity (if it is measured by making reference to the amount of net current assets and current ratio) as certain portion of the Shareholder's Loan under the current liabilities would be reclassified as our Company's equity.
2. Our Group had operating cash outflows for the two years ended 31 March 2015 and for the eight months ended 30 November 2015 mainly due to expansion of margin financing business. Our Directors consider such cash outflow is advantageous to our Group as the cash were converted to interest bearing margin loan receivable which in turn would generate revenue for our Group. As the amount of the notional interest is not significant, the repayment of Shareholders' Loan of up to HK\$1,000 million by external borrowings of HK\$975 million would not have material adverse impact on our Group's cashflows as they are replacement for the Shareholder's Loan in our Group's financing activities. Our Directors expect the operating cash outflow would still exist as a result of expansion of interest bearing margin loan business in each of the years ended 2014 and 2015 and for the eight months ended 30 November 2015 had our Group obtained external borrowings of HK\$975 million to repay the Shareholder's Loan of up to HK\$1,000 million during the Track Record Period.
3. For impact of gearing ratio, please refer to paragraph (c) above. In fact, the gearing ratio would have been improved when compared to the ratio as at the same dates without accounting for the notional interest as part of the Shareholder's Loan would have been capitalised.

Our Directors are also of the view that there would be no material adverse impact on our Group's liquidity in light of the repayment of the existing banking facilities amounting to HK\$700.0 million on the basis that (i) after taking into account the financial resources available to our Group, other internal resources and the estimated net proceeds from the Global Offering, we believe that our Group has sufficient working capital for its present requirements and for the next 12 months from the date of this prospectus (ii) the external borrowings are revolving in nature and not repayable within one year; and (iii) our Group's major assets are margin loan receivables and cash at bank (accounting for approximately 84.9% of our Group's total asset as at 30 November 2015) of which are highly liquid in nature.

The Directors also confirm that as at the date of this prospectus, we have not decided to raise any material external debt financing, other than those already disclosed in this section and the possible renewal of the existing bank borrowings and short term bank loans that we may obtain from time to time for the purpose of provision of margin loans to our margin clients for our securities margin financing business or making partial repayment of our Shareholder's loan before Listing.

As at 31 January 2016, we had undrawn banking facilities available in the amount of HK\$580.0 million. Our Directors confirm that all corporate guarantees issued by GN Holdings in respect of our banking facilities will be released prior to the Listing.

At the close of business on 31 January 2016, our Group had unsecured and unguaranteed borrowings from GN Holdings of approximately HK\$2,660,973,000.

## FINANCIAL INFORMATION

Save as aforesaid and apart from intra-group liabilities, our Group did not have any outstanding mortgages, charges, debentures, other loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, finance leases, hire purchase commitments, guarantees or other material contingent liabilities, issued or authorised but unissued debt securities, terms loans or any other borrowings as at the close of business on 31 January 2016.

### Contingent Liabilities

As at 31 January 2016, being the latest practicable date for the purpose of the indebtedness statement, our Group did not have any material contingent liabilities.

Except as otherwise disclosed above in this section, none of our assets were charged during the Track Record Period and as at the Latest Practicable Date.

### CAPITAL EXPENDITURES AND COMMITMENTS

The following table sets out our capital expenditures for the periods indicated:

	Year ended 31 March			Eight months ended 30 November
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Purchase of property and equipment: . . . . .	1,594	410	589	1,456

Our capital expenditures primarily consisted of expenditures on motor vehicles and yacht, office equipment and furniture and fixtures. As at 30 November 2015, our Group did not have any significant capital commitments.

### LEASE COMMITMENTS

We had commitments for future minimum lease payments under non-cancellable operating leases in respect of the berth for our yacht which fall due as at the dates indicated:

	As at 31 March			As at 30 November
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year . . . . .	51	72	72	72

Operating lease payments represent rentals payable by our Group for the berth for our yacht.

### OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.



## FINANCIAL INFORMATION

### KEY FINANCIAL RATIOS

The table below sets out certain financial ratios for the periods or as of the dates indicated:

	As at 31 March			As at 30 November
	2013	2014	2015	2015
Current ratio <sup>(Note 1)</sup> . . . . .	1.7	1.4	1.4	1.4
Quick ratio <sup>(Note 2)</sup> . . . . .	1.7	1.4	1.4	1.4
Net debt-to-equity ratio <sup>(Note 3)</sup> . . . . .	69.8%	94.3%	165.1%	155.4%
Gearing ratio <sup>(Note 4)</sup> . . . . .	84.1%	144.6%	177.8%	167.8%

	Year ended 31 March			Eight months ended 30 November
	2013	2014	2015	2015
Return on equity <sup>(Note 5)</sup> . . . . .	9.1%	11.1%	15.8%	24.1%
Return on assets <sup>(Note 6)</sup> . . . . .	4.2%	3.4%	5.2%	8.0%
Net profit margin <sup>(Note 7)</sup> . . . . .	54.5%	57.7%	66.1%	66.6%

**Notes:**

1. *Current ratio is derived by dividing our current assets by our current liabilities as at the end of each financial period.*
2. *Quick ratio is current assets less inventories dividing by current liabilities as at the end of each financial period.*
3. *Net debt-to-equity ratio is the total amount of our bank borrowings and amounts due to GN Holdings less cash and cash equivalents as a percentage of total equity as at the end of each financial period.*
4. *Gearing ratio is the total amount of our bank borrowings and amounts due to GN Holdings as a percentage of total equity as of the end of each financial period.*
5. *Return on equity is our profit for the year as a percentage of our equity as at the end of each financial year. The average return on equity for the eight months ended 30 November 2015 is the annualised amount of the return on equity. The annualised return for the eight months ended 30 November 2015 are for illustrative purpose only and please note that the eventual return may differ depending on the net profit of our Group for the whole financial year period.*
6. *Return on assets is derived by dividing our profit for the year by our total assets as at the end of each financial year. The average return on asset for the eight months ended 30 November 2015 is the annualised amount of the return on assets. The annualised return for the eight months ended 30 November 2015 are for illustrative purpose only and please note that the eventual return may differ depending on the net profit of our Group for the whole financial year period.*
7. *Net profit margin is calculated by dividing our profit for the year by total revenue.*

### Current Ratio and Quick Ratio

Our current ratio is derived by dividing our current assets by our current liabilities at the end of each financial period. Quick ratio is current assets less inventories dividing by current liabilities at the end of each financial period. Our quick ratio is the same as our current ratio, since our Group did not have any inventory during the Track Record Period. Our Group's current ratio and quick ratio remained stable at approximately 1.7, 1.4, 1.4 and 1.4 as at 31 March 2013, 2014 and 2015 and 30 November 2015, respectively.



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### Net Debt to Equity Ratio

Net debt-to-equity ratio is the total amount of our bank borrowings and amounts due to the ultimate holding company less cash and cash equivalents and pledged bank deposits as a percentage of total equity as of the end of each financial period. We had no bank borrowings as at 31 March 2013 and 2014 and 30 November 2015. Our net debt-to-equity ratio increases from approximately 69.8% as at 31 March 2013 to approximately 94.3% as at 31 March 2014 and further increases to approximately 165.1% as at 31 March 2015, mainly due to the interest-free advances provided by GN Holdings to finance for the expansion of our securities margin financing business. The increase in net debt-to-equity ratio from approximately 94.3% as at 31 March 2014 to approximately 165.1% as at 31 March 2015 was also due to a short term bank loan of approximately HK\$208.5 million for the purpose of provision of margin loans to our margin clients to subscribe for new shares in an IPO. Our net debt-to-equity ratio remained stable at approximately 155.4% as at 30 November 2015, mainly due to an increase in our bank balances – general accounts and cash, which was in turn mainly due to the completion of rights issue of GN Holdings in April 2015.

### Gearing Ratio

Gearing ratio is the total amount of our bank borrowings and amounts due to the ultimate holding company as a percentage of total equity as at the end of each financial period. We had no bank borrowings as at 31 March 2013 and 2014 and 30 November 2015. As at 31 March 2015, we had obtained a short term bank loan of approximately HK\$208.5 million for the purpose of provision of margin loans to our margin clients to subscribe for new shares in an IPO. Our gearing ratio increases from approximately 84.1% as at 31 March 2013 to approximately 144.6% as at 31 March 2014 and further increases to approximately 177.8% as at 31 March 2015, mainly due to the interest-free advances provided by GN Holdings to finance for the expansion of our securities margin financing business. Our gearing ratio remained stable as at 30 November 2015 at approximately 167.8%.

### Return on Equity

Our return on equity is our net profit for the year as a percentage of our equity for each financial year. Our return on equity increased from approximately 9.1% for the year ended 31 March 2013 to approximately 11.1% for the year ended 31 March 2014 and further increased to approximately 15.8% for the year ended 31 March 2015. The increase in return on equity was mainly due to the fact that our Group's net profit was driven by the expansion of our securities margin financing business which was supported by the provision of interest-free advances from GN Holdings. The annualised return on equity increased to approximately 24.1% for the eight months ended 30 November 2015, mainly due to the fact that the net profit has increased significantly in the eight months ended 30 November 2015.

### Return on Assets

Our return on assets is derived by dividing our profit for the year/period by our total assets at the end of each financial year. Our return on assets decreased from approximately 4.2% for the year ended 31 March 2013 to approximately 3.4% for the year ended 31 March 2014, mainly due to the effect of increase in our Group's total assets outweighed the effect of the increase in our Group's profitability for the year ended 31 March 2014. The increase in our Group's total assets was mainly due to (i) the receipt of a cash deposit of HK\$600 million from a client for a one-off takeover transaction; and (ii) obtaining additional funds from GN Holdings for the expansion of our securities margin financing business.

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Our return on assets increased from approximately 3.4% for the year ended 31 March 2014 to approximately 5.2% for the year ended 31 March 2015, mainly due to (i) the increase in our Group's profitability which was largely contributed by the further expansion of our Group's securities margin financing business; and (ii) the abovementioned cash deposit of HK\$600 million being withdrawn by the client during the year ended 31 March 2015.

The annualised return on assets increased to approximately 8.0% for the eight months ended 30 November 2015, mainly due to the fact that the net profit has increased significantly in the eight months ended 30 November 2015.

### **Net Profit Margin**

Our net profit margin is calculated by dividing our profit for the year by revenue. Our net profit margin increased from approximately 54.5% for the year ended 31 March 2013 to approximately 57.7% for the year ended 31 March 2014 and further increased to approximately 66.1% for the year ended 31 March 2015 and remained stable at approximately 66.6% for the eight months ended 30 November 2015, the increase in our profit margin was mainly due to increase in our Group's revenue. Due to nature of our Group's business, our major expenses are predominantly fixed in nature (except for commission expenses), As such, an increase in our revenue will have a positive impact on our net profit margin.

### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to various types of market risks in the normal course of our business, including interest rate risk, credit risk and liquidity risk.

#### **Interest Rate Risk**

Our Group is exposed to interest rate risk in relation to accounts receivables, bank balances and variable rate bank borrowings. Our Group currently does not have an interest rate hedging policy. However, our Group closely manages its exposure arising from securities margin financing activities undertaken by allowing an appropriate margin on the interest received and paid by our Group.

Our Group's interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from our Group's variable interest rate instruments.

A 50 basis points increase or decrease on accounts receivable and bank borrowings is used while 5 basis points increase or decrease on bank balances is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. If the interest rate had been 50 basis points higher/lower on accounts receivable and bank borrowings and 5 basis points higher/lower on bank balances, our Group's profit after taxation would increase/decrease by approximately HK\$5.9 million, HK\$7.3 million, HK\$10.8 million and HK\$15.4 million for the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015, respectively.

#### **Credit Risk**

Our Group's maximum exposure to credit risk which will cause a financial loss to our Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the combined statements of financial position.

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Our Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the end of each reporting period. Significant changes in the economy or environment of a particular industry segment could result in losses that are different from those provided for at the end of each reporting period. Management therefore carefully manages its exposure to credit risk.

Our Group structures the levels of credit risk it undertakes in relation of accounts receivable and other receivables by setting limits on the amount of risk accepted in relation to any borrower or issuer, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a quarterly or more frequent review.

The management 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. Each client has a maximum credit limit based on the quality of collateral held and the financial background of the client. In addition, our Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Margin calls are made when the trades of margin clients exceed their respective limits. Any such excess is required to be made good within the next trading day. Failure to meet margin calls may result in the liquidation of the client's positions. Our Group seeks to maintain strict control over its outstanding receivables.

The credit risk on bank balances is limited as the counterparties are banks with high credit rating assigned by international credit-rating agencies.

### **Liquidity Risk**

As part of its ordinary broking activities, our Group is exposed to liquidity risk arising from timing difference between settlement with clearing house or brokers and clients. To address the risk, our treasury team works closely with the settlement division on monitoring the liquidity gap. Our Group manages its liquidity risk through maintaining sufficient cash, the availability of funding from the market in the capacity of a financial institution, and the ability to close out market positions. As part of the measures to safeguard liquidity, our Group has maintained substantial stand-by banking facilities, diversifying the funding sources and spacing out the maturity dates.

For detailed description of our risks, please refer to note 7 to the Accountants' Report in Appendix I to this prospectus.

### **DIVIDEND POLICY**

Subject to the Companies Law, through a general meeting, we may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law and our Memorandum and Articles of Association.

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Our Directors will declare dividends, if any, in Hong Kong dollars with respect to our Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. For the years ended 31 March 2013, 2014 and 2015, we had paid dividends in the amount of nil, HK\$45.0 million and nil, respectively. For the eight months ended 30 November 2015, we had paid no dividends.

As at the Latest Practicable Date, our Company has not adopted any dividend policy, our Company's past dividend payment history is not, and should not be taken as, an indication of its potential future practice on dividend payments. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

### UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma financial information is prepared in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, and is set out here to provide investors with further information about how the Global Offering might have affected the combined net tangible assets of our Group after completion of the Global Offering as if the Global Offering had taken place on 30 November 2015. Prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of our Group's financial position as at 30 November 2015 or at any future date.

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 30 November 2015 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted 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 following the Global Offering.

	Audited combined net tangible assets of our Group as at 30 November 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets of our Group	Unaudited pro forma adjusted combined net tangible assets of our Group per Share
	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i>	<i>HK\$</i> <i>(Note 3)</i>
Based on an offer price of HK\$1.40 per Share . . . . .	1,438,763	683,112	2,121,875	4.10
Based on the offer price of HK\$1.00 per Share . . . . .	1,438,763	484,251	1,923,014	3.72

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*Notes:*

- (1) The audited combined net tangible assets of our Group as at 30 November 2015 is based on the combined net assets of our Group of HK\$1,447,718,000 as at 30 November 2015 less the intangible assets of our Group of HK\$8,955,000 as at 30 November 2015, as extracted from the Accountants' Report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 507,554,481 Shares to be issued at an Offer Price of HK\$1.40 and HK\$1.00 per Share, respectively, after deduction of the estimated underwriting fees and related expenses expected to be incurred by our Group subsequent to 30 November 2015 and does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.
- (3) The unaudited pro forma adjusted combined net tangible assets of our Group per Share is arrived at after making the adjustments referred to in note (2) above and on the basis of 517,554,481 Shares in total, taking into account that 10,000,000 Shares currently in issue and assuming that 507,554,481 Shares to be issued pursuant to the Global Offering had been completed on 30 November 2015. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.
- (4) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of our Group as at 30 November 2015 to reflect any trading result or other transactions of our Group entered into subsequent to 30 November 2015. In particular, the unaudited pro forma adjusted combined net tangible assets on the table above have not been adjusted to show the effect of the settlement of the amounts due to the ultimate holding company (the "**Settlement**") as detailed below.

Subsequent to 30 November 2015, as part of the Reorganisation, the amounts due to the ultimate holding company immediately prior to the Listing will be settled by (i) cash of HK\$1,000 million, (ii) set off by the whole amounts due from the ultimate holding company at the same date, and (iii) the remaining balance by the issuance of 1,982,445,519 Shares.

As at 30 November 2015, the amounts due from the ultimate holding company amounted to HK\$154,990,000 and the amounts due to the ultimate holding company amounted to HK\$2,429,611,000. Had the Settlement been completed on 30 November 2015, approximately HK\$1,274,621,000 will be settled by way of issuance of 1,982,445,519 Shares prior to the Listing and the unaudited pro forma adjusted combined net tangible assets of our Group would increase from HK\$2,121,875,000 to HK\$3,396,496,000 based on an Offer Price of HK\$1.40 per share, or from HK\$1,923,014,000 to HK\$3,197,635,000 based on an Offer Price of HK\$1.00 per Share. The table below illustrates the impact of the Global Offering and the Settlement on the pro forma financial information.

	<b>Unaudited pro forma adjusted combined net tangible assets of our Group taking into account of the Global Offering and the Settlement</b>	<b>Unaudited pro forma adjusted combined net tangible assets of our Group per Share taking into account of the Global Offering and the Settlement</b>
	HK\$'000	HK\$ (note i)
Based on an Offer Price of HK\$1.40 per Share. . . . .	3,396,496	1.36
Based on an Offer Price of HK\$1.00 per Share. . . . .	3,197,635	1.28

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- (i) The number of shares used for calculating the unaudited pro forma adjusted combined net tangible of our Group per Share after taking into account of Global Offering and the Settlement is based on 2,500,000,000 Shares in issue immediately after Global Offering. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.

### DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules upon the Listing.

### DISTRIBUTABLE RESERVES

Our Company was incorporated on 31 August 2015. As at the Latest Practicable Date, we had no distributable reserves.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Listing and the Global Offering. Assuming an Offer Price of HK\$1.20 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$1.00 and HK\$1.40 per Offer Share), listing expenses to be borne by us are estimated to be approximately HK\$34.0 million, of which approximately HK\$16.0 million is directly attributable to the issue of the Offer Shares to the public and to be capitalised, and approximately HK\$18.0 million has been or is expected to be reflected in our combined statements of profit or loss. Approximately HK\$8.6 million of the listing expenses were reflected in our combined statements of profit or loss during the Track Record Period. Our Directors do not expect such expenses to materially impact our results of operations for the year ending 31 March 2016.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 30 November 2015 and no event had occurred since 30 November 2015 which would materially affect the information shown in our financial information included in the Accountants' Report set out in Appendix I to this prospectus.



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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the section headed “Business – Business Strategies” in this prospectus for further information regarding our future plans.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$1.20 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$1.00 and HK\$1.40 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$575.1 million from the Global Offering after deducting the underwriting commission and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to use the net proceeds from the Global Offering (assuming that the Over-allotment Option is not exercised) for the purposes and in the amounts set out below:

- approximately 36.52% or HK\$210.0 million to expand our securities margin financing business; The expansion of our securities margin financing business depends on the availability of our capital resources. We intend to further expand our securities margin financing services to more clients who wish to purchase securities on a margin basis. The expansion of our securities margin financing business would enhance our ability to increase our interest income and broaden our client base. A larger amount of funds would allow us to offer margin loans to more clients and/or greater margin limits to our existing clients;
- approximately 34.78% or HK\$200.0 million for repayment of our Group’s bank borrowings that we will be drawing down prior to the Listing for the repayment of the Shareholder’s Loan. Such bank borrowings are short term loans repayable upon demand or up to one year and with interest rates not higher than HIBOR + 2.25% p.a.;
- approximately 15.56% or HK\$90.0 million to expand our placing and underwriting business. The number of placing and underwriting transactions and the size of placing and underwriting transactions that we may undertake depends on the availability of our capital resources. We intend to further expand our placing and underwriting business by participating in more placing and underwriting transactions and placing and underwriting transactions of larger size;
- approximately 1.74% or HK\$10.0 million to enhance and develop our corporate finance advisory business by expanding our corporate finance department;
- approximately 1.74% or HK\$10.0 million to upgrade and improve the our information and technology infrastructure and trading platform to support our business growth;
- approximately 1.74% or HK\$10.0 million in the areas of sales and promotion to enhance awareness of the clients of our Group. We intend to advertise our services through different media such as television advertisements. It is believed that such activities would help promote the brand of our Company and would be helpful in expanding client base of our Company;
- approximately 1.74% or HK\$10.0 million to expand our broking business, in particular through recruiting additional staff for our sales and marketing team for our broking business; and
- approximately 6.10% or HK\$35.1 million as general working capital for our Group.



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## FUTURE PLANS AND USE OF PROCEEDS

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If the Offer Price is finally determined at HK\$1.40 per Offer Share, being the high-end of the stated Offer Price range and assuming that the Over-allotment Option is not exercised, the net proceeds will be increased by approximately HK\$99.5 million. If the Offer Price is finally determined at HK\$1.00 per Offer Share, being the low end of the stated Offer Price range and assuming that the Over-allotment Option is not exercised, the net proceeds will be reduced by approximately HK\$99.5 million. To the extent our net proceeds are either more or less than expected, we will use HK\$200.0 million for repayment of our Group's bank borrowings and will adjust our allocation of the remaining net proceeds for the other purposes described above on a pro rata basis.

In the event that the Over-allotment Option is exercised in full and based on the mid-point of the indicative Offer Price range, we estimate that we will receive additional net proceeds from the issue of additional new Shares of approximately HK\$89.5 million, deducting underwriting fees and estimated expenses payable by us. The additional proceeds received from the exercise of the Over-allotment Option will be applied pro rata to the abovementioned purposes (other than for the repayment of our Group's bank borrowings of HK\$200.0 million as we only plan to use HK\$200.0 million of the net proceeds for the repayment of our Group's bank borrowings).

To the extent that the net proceeds from the issue of new Shares are not immediately applied for the above purposes, we will deposit the net proceeds into interest-bearing bank accounts with licensed banks or financial institutions. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### Sole Global Coordinator

Southwest Securities (HK) Brokerage Limited

#### Joint Bookrunners and Joint Lead Managers

Southwest Securities (HK) Brokerage Limited  
Kingston Securities Limited  
Emperor Securities Limited

#### Co-Lead Manager

Success Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Underwriting Agreements

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters, in each case on a several basis. The Hong Kong Underwriting Agreement was entered into on Wednesday, 23 March 2016 and, subject to an agreement being reached on the Offer Price between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the International Underwriting Agreement is expected to be entered into on or about Thursday, 31 March 2016. The Hong Kong Underwriting Agreement is conditional upon (among other things) the International Underwriting Agreement being entered into and having become effective, and the respective Underwriting Agreements are expected to be inter-conditional. Please refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus.

#### Hong Kong Underwriting Agreement

Subject to the Listing Committee granting listing of, and permission to deal in, our Shares in issue and our Shares to be issued as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe for or procure subscribers to subscribe for, their respective applicable proportions of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares are subject to termination.

#### *Grounds for termination by the Hong Kong Underwriters*

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) may by giving a written notice to our Company terminate the Hong Kong Underwriting Agreement at its sole discretion without liability to any of the other parties hereto (including the respective obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares) and the Hong Kong Underwriting Agreement shall forthwith cease to have effect and each of the parties to the Hong Kong Underwriting Agreement shall cease to have any rights or obligations under the Hong Kong Underwriting Agreement by reason thereof:

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## UNDERWRITING

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It has come to the notice of the Sole Global Coordinator:

- (i) any statement contained in the post hearing information pack, this prospectus, the Application Forms or the formal notice or any notice, announcements, advertisements, communications or other documents in the agreed form issued by or used by or on behalf of the Company in connection with the Hong Kong Public Offering or the International Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue, incorrect or misleading in any respect, or any forecasts, expressions of opinion, intention or expectation contained in any of this prospectus, the Application Forms or the formal notice or any notice, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering or the International Offering (including any supplement or amendment thereto) is not fair and honest and not based on reasonable assumptions; or
- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission from any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering or the International Offering (including any supplement or amendment thereto); or
- (iii) any breach of any of the obligations of our Company or any Controlling Shareholder under the Hong Kong Underwriting Agreement (other than upon any of the Hong Kong Underwriters), as applicable; or
- (iv) that a valid demand by any creditor for repayment or payment of any indebtedness of our Company or any other member of our Group or in respect of which our Company or any other member of our Group is liable prior to its stated maturity, which demand has or could reasonably be expected to have a material adverse effect on our Group taken as a whole; or
- (v) that a petition is presented for the winding-up or liquidation of our Company or any other member of our Group or our Company or any other member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any other member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any other member of our Group or anything analogous thereto occurs in respect of our Company or any other member of our Group, which in the sole opinion of the Sole Global Coordinator, may or is likely to be material in the context of the Global Offering; or
- (vi) any event, act or omission which gives or is likely to give rise to any indemnification liability of any of the Company, our executive Directors and the Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement; or
- (vii) any adverse change or development involving a prospective adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or any other member of our Group; or
- (viii) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties in the Hong Kong Underwriting Agreement; or

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## UNDERWRITING

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- (ix) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (x) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering), or the Global Offering; or
- (xi) any of the experts in relation to the Global Offering as set out under the section headed “Statutory and General Information – Qualifications of experts and consents of experts” in Appendix IV to this prospectus has withdrawn its respective consent to the issue of the this prospectus with the inclusion of their reports, letters, and/or legal opinions (as the case may be) and references to its name included in the form and context in which they respectively appear; or
- (xii) there develops, occurs, exists or comes into effect:
  - (a) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting Hong Kong, the PRC, Australia, the United States, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction where any member of our Group is incorporated or operates (collectively, the “**Relevant Jurisdictions**”); or
  - (b) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting any of the Relevant Jurisdictions; or
  - (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange; or
  - (d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Government Authority (as defined in the Hong Kong Underwriting Agreement)), New York (imposed at Federal or New York State level or other competent Government Authority (as defined in the Hong Kong Underwriting Agreement)), London, the PRC, Australia, the European Union or any member thereof, Japan or any Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in any Relevant Jurisdictions; or

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## UNDERWRITING

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- (e) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Government Authority (as defined in the Hong Kong Underwriting Agreement) in or affecting Hong Kong, the PRC, Australia, the United States, the United Kingdom, the European Union (or any member thereof), Japan or any Relevant Jurisdictions; or
- (f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States, Australia or the European Union (or any member thereof) on the PRC or any Relevant Jurisdictions; or
- (g) a change or development involving a prospective change in Taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in Hong Kong, the PRC, Australia, the United States, the United Kingdom, the European Union (or any member thereof), Japan or any Relevant Jurisdictions; or
- (h) any change or prospective change in the condition (financial or otherwise), or in the earnings, business affairs, business prospects or trading position of our Company or any other member of our Group; or
- (i) 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
- (j) any litigation, disputes or claim of any third party being threatened or instigated against any member of our Group; or
- (k) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (l) the chairman or chief executive officer of our Company vacating his office; or
- (m) a Government Authority (as defined in the Hong Kong Underwriting Agreement) or a regulatory body or organisation in any Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (n) 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 or selling the Shares pursuant to the terms of the Global Offering; or

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## UNDERWRITING

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- (p) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer for subscription and issue of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (q) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer for subscription and issue of the Shares) pursuant to the Companies Ordinance, Predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (r) a valid demand by any creditor for repayment or payment of any of our Company's indebtedness or those of any of its subsidiaries or in respect of which our Company or any of its subsidiaries are liable prior to its stated maturity, or any loss or damage sustained by our Company or any of its subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (s) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

which individually or in the aggregate, in the sole opinion of the Sole Global Coordinator:

- (a) has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or
- (b) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (c) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or
- (d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

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## UNDERWRITING

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### Restrictions and undertakings to the Stock Exchange pursuant to the Listing Rules

#### *Restrictions imposed on our Company*

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or other securities convertible into equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except in the circumstances prescribed by Rule 10.08 of the Listing Rules.

#### *Restrictions imposed on and undertakings by our Controlling Shareholder*

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholder has undertaken to each of our Company and the Stock Exchange that, save as permitted under the Listing Rules:

- (i) in the period commencing on the date by reference to which disclosure of our Controlling Shareholder's shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**Relevant Period**"), it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and
- (ii) in the period of six months commencing on the date which the Relevant Period expires, it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Our Controlling Shareholder has further undertaken to each of our Company and the Stock Exchange that within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it will:

- (i) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) pursuant to note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from any pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company shall inform the Stock Exchange as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholder and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by our Controlling Shareholder.



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## UNDERWRITING

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### Undertakings pursuant to the Hong Kong Underwriting Agreement

#### *Undertakings by our Company*

Under the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the Loan Capitalisation Issue, it will not, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of this prospectus until the expiry of the first six-month period after the Listing Date (“**First Six-Month Period**”), our Company will not, and will procure its subsidiaries will not:

- (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, warrant or contract to purchase or subscribe for, lend, purchase any option, right, warrant or contract to sell, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the share capital of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein) (the “**Relevant Group Securities**”); or
- (ii) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Relevant Group Securities or any interest therein; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) agree or contract to, or announce any intention to enter into, any transaction described in (i) or (ii) or (iii) above,

whether any of the foregoing transactions described in sub-paragraphs (i) to (iv) above is to be settled by delivery of the Relevant Group Securities, as applicable, or in cash or otherwise (whether or not the issue of shares or such other securities will be completed with the aforesaid period). During the First Six-Month Period, our Company will also not enter into any of the transactions described in sub-paragraphs (i) to (iv) above or agree to contract or publicly announce any intention to enter into any such transactions such that the Controlling Shareholder would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the six months commencing on the date which the First Six-Month Period expires (the “**Second Six-Month Period**”).

In the event that, during the Second Six-Month Period, our Company enters into any of the foregoing transactions described in sub-paragraphs (i) to (iv) above, such that our Controlling Shareholder would cease to be a controlling shareholder (as defined in the Listing Rules), our Company will ensure that it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

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## UNDERWRITING

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### *Undertaking by our Controlling Shareholder*

Under the Hong Kong Underwriting Agreement, our Controlling Shareholder has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the Loan Capitalisation Issue, it will not, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time during the First Six-Month Period, it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not:

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, warrant or contract to purchase or subscribe for, lend, purchase any option, right, warrant or contract to sell, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the Relevant Group Securities; or
- (b) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Relevant Group Securities or any interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or
- (d) agree or contract to, or announce any intention to enter into, any transaction described in (a) or (b) or (c) above;

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) above is to be settled by delivery of the Relevant Group Securities, as applicable, or in cash or otherwise (whether or not the issue of shares or such other securities will be completed with the aforesaid period).

Under the Hong Kong Underwriting Agreement, our Controlling Shareholder has agreed that during the Second Six-Month Period, it will not, enter into any of the transactions specified in paragraph (a), (b), (c), or (d) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company. In the event that it enters into any of such transactions or offers to or agrees to or contracts to or announces any intention to effect any such transactions in compliance with paragraph (a), (b), (c), or (d) above, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

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## **UNDERWRITING**

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Under the Hong Kong Underwriting Agreement, our Controlling Shareholder has agreed that until the expiry of the Second Six-Month period, in the event that our Controlling Shareholder enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it/he will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

### **Commissions and Expenses**

Under the terms and conditions of the Underwriting Agreements, our Company has agreed to pay: (i) the Joint Bookrunners (for the account of the Underwriters) a gross commission equal to 2.0% of the aggregate Offer Price for all the Offer Shares offered under the Global Offering (including Shares to be issued pursuant to the Over-allotment Option).

The aggregate commissions and estimated expenses, together with the Stock Exchange trading fee, SFC transaction levy, Stock Exchange listing fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$34.0 million (assuming the Over-allotment Option is not exercised and an Offer Price of HK\$1.20 per Offer Share, being the mid-point of the stated range of the Offer Price between HK\$1.00 and HK\$1.40 per Offer Share).

### **UNDERWRITERS' INTERESTS IN OUR COMPANY**

Save for their obligations under the relevant Underwriting Agreement(s) or as otherwise disclosed in this prospectus, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

### **INTERNATIONAL UNDERWRITING AGREEMENT**

In connection with the International Offering, it is expected that we will, on or about Thursday, 31 March 2016 shortly after determination of the Offer Price, enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters to be named therein would severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed and the Distribution will not be made. Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at the sole and absolute discretion of the Sole Global Coordinator for up to 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 76,133,172 additional Shares representing, in aggregate, 15% of the Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price and will be, among others, for the purpose of covering over-allocations in the International Offering, if any.

### **SOLE SPONSOR'S INDEPENDENCE**

Southwest HK Capital has declared its independence from us pursuant to Rule 3A.07 of the Listing Rules.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering of 507,554,481 Offer Shares comprises:

- (i) the Hong Kong Public Offering of 52,000,000 Offer Shares (subject to reallocation) in Hong Kong, as described below in the paragraph headed “The Hong Kong Public Offering” in this section; and
- (ii) the International Offering of an aggregate of 455,554,481 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares within Hong Kong) in offshore transactions in reliance on Regulation S, under the U.S. Securities Act.

The 507,554,481 Offer Shares being offered by our Company under the Global Offering will represent about 20.3% of our Company’s enlarged share capital immediately after completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the Share Option Scheme).

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in Offer Shares under the International Offering, but may not apply in both the Hong Kong Public Offering and the International Offering.

References in this prospectus to “applications”, “Application Forms”, “application monies” or the “procedures for application” relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares Initially Offered

Our Company is initially offering 52,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.2% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.1% of our Company’s enlarged issued share capital immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers), whose ordinary business involves dealing in shares and other securities, and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “Conditions of the Hong Kong Public Offering” in this section.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in such a ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available for subscription under the Hong Kong Public Offering (after taking into account any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will consist of 26,000,000 Offer Shares (being 50% of the total number of Offer Shares initially available under the Hong Kong Public Offering) and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). The Hong Kong Offer Shares in pool B will consist of 26,000,000 Offer Shares (being 50% of the total number of Offer Shares initially available under the Hong Kong Public Offering) and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “subscription price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than 50% of the 52,000,000 Hong Kong Offer Shares, initially offered under the Hong Kong Public Offering, are liable to be rejected.

### Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times or (iii) 100 times or more than the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 152,264,000 Offer Shares (in the case of (i)), 203,020,000 Offer Shares (in the case of (ii)) and 253,776,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deem appropriate. In addition, the Sole Global Coordinator may, at its discretion, reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Offer Shares from the Hong Kong Public Offering to the International Offering in such proportions as the Sole Global Coordinator deems appropriate.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he, or any person(s) for whose benefit he is making the application, has not applied for, taken up or indicated an interest in, and will not apply for, take up or indicate an interest in, any Offer Shares under the International Offering. Such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been, or will be, placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$1.40 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation" below, is less than the maximum Offer Price of HK\$1.40 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

### THE DISTRIBUTION

The GN Shareholders approved the Spin-off in an extraordinary general meeting of GN Holdings held on 10 December 2015. The Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying GN Shareholders of an aggregate of 167,755,348 Shares, representing approximately 8.4% of the issued share capital of our Company immediately following the completion of the Distribution and the Loan Capitalisation Issue, but before completion of the Global Offering, in proportion to their respective shareholdings in GN Holdings on the Record Date.

Pursuant to the Distribution, the Qualifying GN Shareholders will be entitled to one Share for every 40 GN Shares held on the Record Date. The Distribution is conditional on the Global Offering becoming unconditional in all respects. If such condition is not satisfied, the Distribution will not be made and the Spin-off will not take place.

Subject to the Distribution becoming unconditional, we expect to despatch Share certificates to Qualifying GN Shareholders who are entitled to receive Shares under the Distribution on or before Thursday, 7 April 2016. Share certificates will only become valid if the Distribution becomes unconditional.

Overseas Excluded GN Shareholders (if any) will be entitled to the Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Distribution will be sold by GN Holdings on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Hong Kong Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Overseas Excluded GN Shareholders in Hong Kong dollars. Such payment is expected to be made on or before Friday, 15 April 2016.

Get Nice Securities will provide matching services, on a best efforts basis, to the Qualifying GN Shareholders to facilitate the trading of odd lots of Shares which the Qualifying GN Shareholders may receive under the Distribution. For further details, please refer to the announcement dated 21 March 2016 issued by GN Holdings.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### THE INTERNATIONAL OFFERING

#### Number of Offer Shares Initially Offered

The International Offering will consist of an initial offering of 455,554,481 Shares, representing 89.8% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the International Offer Shares will represent approximately 18.2% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

#### Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers), whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell his/its Shares after the listing of our Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to our Company's and our Shareholders' benefit as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require investors who have been offered Offer Shares under the International Offering and who have made applications under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such applications are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

#### Reallocation

The total number of Offer Shares to be sold and issued pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed "The Hong Kong Public Offering – Reallocation" in this section, any exercise of the Over-allotment Option and/or any reallocation of unsold Offer Shares originally included in the Hong Kong Public Offering.



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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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### OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the Listing Date until the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 76,133,172 additional Shares, representing approximately 15% of the initial Offer Shares, at the same price per Share under the International Offering, to cover, among other things, over-allocations in the International Offering (if any). In the event that the Over-allotment Option is exercised, a press announcement will be made.

### STABILISATION

Stabilisation is a practice used by Underwriters in some markets to facilitate the distribution of securities. To stabilise, Underwriters may bid for or purchase securities in the secondary market during a specified period of time to retard and, if possible, prevent a decline in the initial public market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements of the relevant jurisdictions. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Southwest HK Brokerage, as stabilising manager (the “**Stabilising Manager**”), its affiliates or any persons acting for it (for itself and on behalf of the Underwriters) may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of our Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any persons acting for it to conduct any such stabilising action. Such stabilising action, if taken, will be required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering and conducted at the absolute discretion of the Stabilising Manager, its affiliates or any persons acting for it, and may be discontinued at any time. The number of Shares that may be over-allocated will not be greater than the number of Shares that may be sold upon exercise of the Over-allotment Option, being an aggregate of 76,133,172 additional Shares, which is 15% of our Shares initially available under the Global Offering. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.7% of our Company’s enlarged issued share capital on completion of the Global Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares; (iii) purchasing or agreeing to purchase our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing or agreeing to purchase our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; (v) selling or agreeing to sell our Shares in order to liquidate any position established as a result of the abovementioned purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Specifically, prospective applicants for the Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty as to the extent to which, and the time or period for which, the Stabilising Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation and selling of any such long position in the open market by the Stabilising Manager, its affiliates or any person acting for it may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilisation period which will begin on the Listing Date and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

### OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it may cover such over-allocation by (among other methods) using Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market or exercising the Over-allotment Option in full or in part. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including those in relation to stabilisation and the Securities and Futures (Price Stabilising) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed 76,133,172 Shares, being the number of Shares which may be issued and allotted by our Company upon full exercise of the Over-allotment Option and representing 15% of the Offer Shares initially available under the Global Offering.

### PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective professional and institutional investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering that they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 31 March 2016 and in any event no later than Tuesday, 5 April 2016, by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company. The number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company. The Offer Price per Offer Share under the Hong Kong Public Offering will be fixed at the Hong Kong dollar amount which, when including the 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Offering. The SFC transaction levy and the Stock Exchange trading fee otherwise payable by investors on Offer Shares purchased by them in the International Offering will be paid by us.

The Offer Price will not be more than HK\$1.40 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate and after consultation with the Company, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction. Upon issue of such notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such announcement(s) will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics and any other financial information in this prospectus which may change as a result of any such reduction. In the absence of any such announcement, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Global Coordinator.

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## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

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The net proceeds from the Global Offering accruing to us (after deduction of underwriting commission and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$575.1 million, assuming an Offer Price of HK\$1.20 per Offer Share, being the approximate mid-point of the proposed Offer Price range of HK\$1.00 to HK\$1.40.

The final Offer Price, the level of indications of interest in the Global Offering and the basis of allotment of Offer Shares available under the Hong Kong Public Offering are expected to be announced on Thursday, 7 April 2016 in The Standard (in English) and the Hong Kong Economic Times (in Chinese).

### **HONG KONG UNDERWRITING AGREEMENT AND INTERNATIONAL UNDERWRITING AGREEMENT**

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

### **CONDITIONS OF THE HONG KONG PUBLIC OFFERING**

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue (including our Shares that may be sold pursuant to any exercise of the Over-allotment Option) and our Shares being offered pursuant to the Global Offering (subject only to allotment);
- (ii) the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- (iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before Tuesday, 5 April 2016, the Global Offering will not proceed and will lapse.

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## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

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The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in *The Standard* (in English) and the *Hong Kong Economic Times* (in Chinese) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus. In the meantime, all application monies will be held in separate bank accounts with the receiving bank of our Company or any other banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. in Hong Kong on Friday, 8 April 2016 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Underwriting Agreement – Grounds for Termination by the Hong Kong Underwriters” in this prospectus has not been exercised.

### DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 8 April 2016, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 8 April 2016. The Shares will be traded in board lots of 4,000 Shares each.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** 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 Sole Global Coordinator, the designated **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a 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**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number, and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Global Offering; and



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.hkeipo.hk](http://www.hkeipo.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 24 March 2016 until 12:00 noon Thursday, 31 March 2016 from:

- (i) any of the following addresses of the Hong Kong Underwriters:

**Southwest Securities (HK) Brokerage Limited**

Room 1601, 06-08  
16/F, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

**Kingston Securities Limited**

Suite 2801, 28/F  
One IFC, Harbour View Street  
Central  
Hong Kong

**Emperor Securities Limited**

23-24/F, Emperor Group Centre  
288 Hennessy Road  
Wanchai  
Hong Kong

**Success Securities Limited**

Suite 1603-7, 16/F  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

- (ii) any of the branches or sub-branches of the following receiving banks:

**The Bank of East Asia, Limited:**

	<u>Branch Name</u>	<u>Address</u>
<b>Hong Kong Island</b>	Main Branch	10 Des Voeux Road Central, Central
<b>Kowloon</b>	Mongkok Branch	638-640 Nathan Road, Mongkok
<b>New Territories</b>	Metro City Plaza Branch	Shop 243, Level 2, Metro City Plaza I, 1 Wan Hang Road, Tseung Kwan O



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### Bank of Communications Co., Ltd. Hong Kong Branch

	<u>Sub-Branch Name</u>	<u>Address</u>
<b>Hong Kong Island</b>	Wanchai Sub-Branch	Shop B on G/F., Johnston Court, 32-34 Johnston Road
<b>Kowloon</b>	Tsim Sha Tsui Sub-Branch	Shop Nos.1-3 on G/F., CFC Tower, 22-28 Mody Road, Tsim Sha Tsui
	Cheung Sha Wan Plaza Sub-Branch	Unit G04 on G/F., Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 24 March 2016 until 12:00 noon on Thursday, 31 March 2016 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a Banker's cashier order attached and marked payable to "The Bank of East Asia (Nominees) Limited - Get Nice Financial Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches or sub-branches of the receiving bank listed above, at the following times:

Your Application Form can be lodged at these times:

<b>Thursday, 24 March 2016</b>	<b>-</b>	<b>9:00 a.m. to 5:00 p.m.</b>
<b>Tuesday, 29 March 2016</b>	<b>-</b>	<b>9:00 a.m. to 5:00 p.m.</b>
<b>Wednesday, 30 March 2016</b>	<b>-</b>	<b>9:00 a.m. to 5:00 p.m.</b>
<b>Thursday, 31 March 2016</b>	<b>-</b>	<b>9:00 a.m. to 12:00 noon</b>

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 31 March 2016, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

## 4. TERMS AND CONDITIONS OF AN APPLICATION

Please 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**, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, Predecessor Companies Ordinance and the Articles of Association;

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Share Registrar, receiving bank, the Sole Global Coordinator, 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 Global Coordinator 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 (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- (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 and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **HK eIPO White Form** 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 (a) 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 (b) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

### Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

## 5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

### General

Individuals who meet the criteria in “2. Who can apply” in this section, may apply through the **HK eIPO White Form** for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** 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 designated **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**.

### Time for Submitting Applications under the **HK eIPO White Form**

You may submit your application through the **HK eIPO White Form** at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 24 March 2016 until 11:30 a.m. on Thursday, 31 March 2016 and the latest time for completing full payment of application monies in respect of such applications will be at 12:00 noon on Thursday, 31 March 2016 or such later time under the “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 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** to make an application for Hong Kong 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** or by any other means, all of your applications are liable to be rejected.

### Section 40 of the Predecessor Companies 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 Predecessor Companies Ordinance (as applied by Section 342E of the Predecessor Companies Ordinance).

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Centre  
1/F One & Two Exchange Square 8 Connaught Place, Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Share Registrar.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
  - 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 and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
  - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
  - confirm that you have read the terms and conditions and application procedures set 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 Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
  - agree to disclose your personal data to our Company, our Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

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## HOW TO APPLY FOR THE HONG KONG 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 Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Predecessor Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- 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 Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, Predecessor Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price 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



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the WHITE Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Hong Kong Offer Shares. Instructions for more than 4,000 Hong Kong 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 Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

<b>Thursday, 24 March 2016</b>	<b>– 9:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Tuesday, 29 March 2016</b>	<b>– 8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Wednesday, 30 March 2016</b>	<b>– 8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Thursday, 31 March 2016</b>	<b>– 8:00 a.m.<sup>(1)</sup> to 12:00 noon</b>

*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, 24 March 2016 until 12:00 noon on Thursday, 31 March 2016 (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, 31 March 2016, 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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Predecessor Companies 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 Predecessor Companies Ordinance (as applied by Section 342E of the Predecessor Companies Ordinance).



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### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Share Registrar, the receiving bank, the Sole Global Coordinator, 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 Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** is also only a facility provided by the designated **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 Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator 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** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS 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, 31 March 2016.

### 8. HOW MANY APPLICATIONS YOU CAN MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH THE HONG KONG OFFER SHARES ARE

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** in respect of a minimum of 4,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong 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](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure and Conditions of the Global Offering – Pricing and Allocation.”

### 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, 31 March 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 31 March 2016 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

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## HOW TO APPLY FOR THE HONG KONG 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 International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 7 April 2016 in The Standard (in English) and the Hong Kong Economic Times (in Chinese), on our Company's website at [www.getnicefg.com.hk](http://www.getnicefg.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at [www.getnicefg.com](http://www.getnicefg.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Thursday, 7 April 2016;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 7 April 2016 to 12:00 midnight on Wednesday, 13 April 2016;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 7 April 2016 to Tuesday, 12 April 2016 (excluding Saturday, Sunday and Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 7 April 2016 to Monday, 11 April 2016 at all the receiving banks' designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

#### (i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form**, 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.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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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 Predecessor Companies Ordinance (as applied by Section 342E of the Predecessor Companies 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 Sole Global Coordinator, the designated HK eIPO White Form Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list our 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.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** 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;

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- our Company or the Sole Global Coordinator 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 Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 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 HK1.40 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed “Structure and Conditions of the Global Offering – Conditions of the Hong Kong Public Offering” 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 without interest and will be made on Thursday, 7 April 2016.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price 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).

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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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 about Thursday, 7 April 2016. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 8 April 2016 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### Personal Collection

*(i) If you apply using a **WHITE** Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from our Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 7 April 2016 or such other date as notified by us in the newspapers. If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the 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 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 7 April 2016, by ordinary post and at your own risk.

*(ii) If you apply using a **YELLOW** Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 7 April 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 7 April 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Hong Kong Public Offering shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS Participant.



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## HOW TO APPLY FOR THE HONG KONG 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 Hong Kong Public Offering in the manner described in "11. 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, 7 April 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

*(iii) If you apply through the **HK eIPO White Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 7 April 2016, 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 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 7 April 2016 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 Hong Kong Offer Shares**

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

**Deposit of Share Certificates into CCASS and Refund of Application Monies**

- If your application is wholly or partially successful, your Share certificate(s) 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, 7 April 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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Public Offering in the manner specified in “11. Publication of Results” above on Thursday, 7 April 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 7 April 2016 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Thursday, 7 April 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 7 April 2016.

### 15. ADMISSION OF OUR SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses.

Settlement of transactions between 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 our Shares to be admitted into CCASS.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.



德勤 • 關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

24 March 2016

The Directors  
Get Nice Financial Group Limited  
Southwest Securities (HK) Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “**Financial Information**”) relating to Get Nice Financial Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for each of the three years ended 31 March 2015 and the eight months ended 30 November 2015 (the “**Relevant Periods**”) for inclusion in the prospectus of the Company dated 24 March 2016 in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Prospectus**”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 31 August 2015. Pursuant to a corporate reorganisation (“**Group Reorganisation**”) as more fully explained in the section headed “Reorganisation and Development” in the Prospectus, the Company became the holding company of the Group upon completion of the Group Reorganisation on 16 March 2016.

The Group is principally engaged in broking, securities margin financing and corporate finance business (hereinafter collectively referred to as the “**Securities Business**”).

The Company and its subsidiaries have adopted 31 March, as their financial year end date. At the date of this report, the Company has equity interests in the following subsidiaries comprising the Group:

Name of subsidiaries	Place of incorporation	Date of incorporation	Issued and fully paid-up share capital	Equity attributable to the Group					Principal activities
				2013	At 31 March 2014	2015	At 30 November 2015	At the date of the report	
				%	%	%	%	%	
<b>Direct</b>									
Get Nice Incorporated	British Virgin Islands	8 April 1998	US\$10,000	100	100	100	100	100	Investment holding
Steppington Holdings Limited	British Virgin Islands	18 January 2000	US\$10,000	100	100	100	100	100	Investment holding
<b>Indirect</b>									
eCapitalist.com (Asia) Limited	Hong Kong	26 August 1998	HK\$19,500,000	100	100	100	100	100	Inactive
Get Nice Asset Management Limited	Hong Kong	22 October 1999	HK\$2,000,000	100	100	100	100	100	Inactive
Get Nice Capital Limited	Hong Kong	20 December 2000	HK\$10,000,000	100	100	100	100	100	Corporate finance services
Get Nice Futures Company Limited	Hong Kong	12 November 1992	HK\$20,000,000	100	100	100	100	100	Futures and options broking
Get Nice Investment Limited	Hong Kong	1 April 2008	HK\$1	100	100	100	100	100	Holding of yacht
Get Nice Securities Limited	Hong Kong	21 December 1988	Ordinary shares of HK\$360,000,000 and non-voting deferred shares of HK\$40,000,000	100	100	100	100	100	Securities dealing and broking and securities margin financing
Grace Field Limited	Hong Kong	24 November 1999	HK\$2	100	100	100	100	100	Property holding
NobleNet Limited	British Virgin Islands	11 January 2000	US\$1	100	100	100	100	100	Investment holding
Pacific Challenge Securities Limited	Hong Kong	18 March 1993	HK\$60,000,000	100	100	100	100	100	Inactive
Pacific Challenge Futures Hong Kong Limited	Hong Kong	15 May 1998	HK\$10,000,000	100	100	100	100	100	Inactive
Superior Capital Assets Limited	British Virgin Islands	9 April 2001	US\$1	100	100	100	100	100	Investment holding

The financial statements of the subsidiaries incorporated in Hong Kong for the years ended 31 March 2013, 2014 and 2015 were prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and were audited by us. No financial statements were prepared for non-Hong Kong incorporated subsidiaries for the years ended 31 March 2013, 2014 and 2015 as there are no statutory audit requirements.

There are no statutory audit requirements to prepare financial statements for the Company. For the purpose of this report, we have reviewed all the relevant transactions and carried out such procedures as we considered necessary in preparing our report for inclusion in the Prospectus.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods in accordance with accounting policies set out in note 4 of Section I below which conform with HKFRS (the “**Underlying Financial Statements**”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out procedures which we considered necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 of Section I below. No adjustments were considered necessary to the Underlying Financial Statements in preparing the Financial Information for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which the report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis set out in note 2 to Section I, the Financial Information, for the purpose of this report, gives a true and fair view of the financial position of the Group as at 31 March 2013, 2014 and 2015 and 30 November 2015 and of the Company as at 30 November 2015 and of the financial performance and combined cash flows of the Group for the Relevant Periods.

The comparative combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the eight months ended 30 November 2014 together with notes thereon have been extracted from the Group’s unaudited financial information for the same period (the “November 2014 Financial Information”) which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review of the November 2014 Financial Information in accordance with the Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. Our review of the November 2014 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we could become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the November 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the November 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRS.

## I. FINANCIAL INFORMATION

## (A) COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 March			Eight months ended 30 November	
		2013	2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(Unaudited)
Revenue . . . . .	8	158,291	196,550	290,488	179,142	348,394
Other operating income . . . . .	10a	169	88	2,869	2,843	63
Other gains and losses . . . . .	10b	(135)	(1,816)	1,569	2,032	(3,273)
Depreciation . . . . .	18	(6,800)	(6,765)	(6,708)	(4,449)	(4,506)
Commission expenses . . . . .		(10,085)	(14,534)	(17,258)	(10,886)	(18,818)
Finance costs . . . . .	12	(170)	(202)	(473)	(202)	(749)
Staff costs . . . . .	11	(12,668)	(12,520)	(12,901)	(7,842)	(9,375)
Other expenses . . . . .		(24,391)	(25,471)	(26,780)	(17,926)	(31,586)
Profit before taxation . . . . .	13	104,211	135,330	230,806	142,712	280,150
Taxation . . . . .	15	(17,962)	(21,981)	(38,821)	(23,560)	(47,989)
Profit for the year/period . . . . .		86,249	113,349	191,985	119,152	232,161
Other comprehensive income (expense)						
Items that will not be reclassified to profit or loss						
Surplus on revaluation of properties . . . .	18	1,386	3,573	1,583	1,056	3,037
Deferred tax arising on revaluation of properties . . . . .	31	(229)	(590)	(261)	(174)	(501)
Other comprehensive income for the year/period . . . . .		1,157	2,983	1,322	882	2,536
Total comprehensive income for the year/period . . . . .		87,406	116,332	193,307	120,034	234,697

## (B) STATEMENTS OF FINANCIAL POSITION

	NOTES	The Group			The Company	
		As at 31 March			As at 30 November	As at 30 November
		2013	2014	2015	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Non-current assets</b>						
Prepaid lease payments and property and equipment	18	136,230	133,448	127,443	127,430	–
Intangible assets	19	8,955	8,955	8,955	8,955	–
Other assets	21	3,805	5,011	4,876	4,795	–
Deferred tax assets	31	424	457	176	176	–
		<u>149,414</u>	<u>147,871</u>	<u>141,450</u>	<u>141,356</u>	<u>–</u>
<b>Current assets</b>						
Accounts receivable	22	1,442,882	1,791,025	3,042,821	3,594,700	–
Prepayments, deposits and other receivables	23	1,932	1,745	1,351	4,167	2,135
Amounts due from the ultimate holding company	24	120,913	122,189	132,684	154,990	–
Amounts due from a fellow subsidiary	24	50	50	54	–	–
Tax recoverable		117	–	26	17	–
Financial assets held for trading	25	136	115	191	24	–
Bank balances – client accounts	26	198,312	796,858	205,332	331,537	–
Bank balances – general accounts and cash	27	135,072	512,587	153,092	179,418	–
		<u>1,899,414</u>	<u>3,224,569</u>	<u>3,535,551</u>	<u>4,264,853</u>	<u>2,135</u>
<b>Current liabilities</b>						
Accounts payable	28	293,399	861,562	278,204	456,487	–
Accrued charges and other payables	29	5,319	5,646	5,089	5,004	–
Amounts due to the ultimate holding company	24	797,444	1,474,309	1,947,848	2,429,611	10,463
Tax payable		2,840	9,128	21,960	64,499	–
Bank borrowings	30	–	–	208,490	–	–
		<u>1,099,002</u>	<u>2,350,645</u>	<u>2,461,591</u>	<u>2,955,601</u>	<u>10,463</u>
<b>Net current assets/(liabilities)</b>		<u>800,412</u>	<u>873,924</u>	<u>1,073,960</u>	<u>1,309,252</u>	<u>(8,328)</u>
<b>Total assets less current liabilities</b>		<u>949,826</u>	<u>1,021,795</u>	<u>1,215,410</u>	<u>1,450,608</u>	<u>(8,328)</u>
<b>Non-current liabilities</b>						
Deferred tax liabilities	31	1,444	2,081	2,389	2,890	–
		<u>1,444</u>	<u>2,081</u>	<u>2,389</u>	<u>2,890</u>	<u>–</u>
<b>Net assets/(liabilities)</b>		<u>948,382</u>	<u>1,019,714</u>	<u>1,213,021</u>	<u>1,447,718</u>	<u>(8,328)</u>
<b>Capital and reserves</b>						
Share capital	32	–	–	–	–	–
Reserves		948,382	1,019,714	1,213,021	1,447,718	(8,328)
		<u>948,382</u>	<u>1,019,714</u>	<u>1,213,021</u>	<u>1,447,718</u>	<u>(8,328)</u>

## (C) COMBINED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Attributable to owners of the Company				Total
		Share capital	Properties revaluation reserve	Other reserve	Retained profits	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balances at 1 April 2012		–	6,399	160,033	694,544	860,976
Profit for the year		–	–	–	86,249	86,249
Other comprehensive income for the year		–	1,157	–	–	1,157
Total comprehensive income for the year		–	1,157	–	86,249	87,406
Balances at 31 March 2013		–	7,556	160,033	780,793	948,382
Profit for the year		–	–	–	113,349	113,349
Other comprehensive income for the year		–	2,983	–	–	2,983
Total comprehensive income for the year		–	2,983	–	113,349	116,332
Dividend paid	16	–	–	–	(45,000)	(45,000)
Balances at 31 March 2014		–	10,539	160,033	849,142	1,019,714
Profit for the year		–	–	–	191,985	191,985
Other comprehensive income for the year		–	1,322	–	–	1,322
Total comprehensive income for the year		–	1,322	–	191,985	193,307
Balances at 31 March 2015		–	11,861	160,033	1,041,127	1,213,021
Profit for the period		–	–	–	232,161	232,161
Other comprehensive income for the period		–	2,536	–	–	2,536
Total comprehensive income for the period		–	2,536	–	232,161	234,697
Balances at 30 November 2015		–	14,397	160,033	1,273,288	1,447,718
Balances at 1 April 2014		–	10,539	160,033	849,142	1,019,714
Profit for the period		–	–	–	119,152	119,152
Other comprehensive income for the period		–	882	–	–	882
Total comprehensive income for the period		–	882	–	119,152	120,034
Balances at 30 November 2014 (unaudited)		–	11,421	160,033	968,294	1,139,748

Other reserve of the Group represents the capital contributions from equity holders of certain subsidiaries now comprising the Group before the completion of the Reorganisation.



## (D) COMBINED STATEMENTS OF CASH FLOWS

	NOTES	Year ended 31 March			Eight months ended 30 November	
		2013	2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)	
Operating activities						
Profit before taxation		104,211	135,330	230,806	142,712	280,150
Adjustments for:						
Depreciation	18	6,800	6,765	6,708	4,449	4,506
(Gain) loss on disposal of property and equipment		(207)	–	1,469	–	–
Net recognition (reversal) of impairment loss on loans to securities margin clients	22	755	1,657	(3,013)	(1,991)	3,129
Fair value changes on financial assets held for trading		(119)	21	(76)	(46)	167
Interest income		(114,899)	(138,737)	(203,480)	(122,375)	(223,001)
Interest expenses	12	170	202	473	202	749
Operating cash flows before movements in working capital		(3,289)	5,238	32,887	22,951	65,700
Changes in other assets		(903)	(1,206)	135	(1,405)	81
Changes in accounts receivable		18,792	(349,800)	(1,248,783)	(176,624)	(555,008)
Changes in financial assets held for trading		1,752	–	–	–	–
Changes in prepayments, deposits and other receivables		128	202	404	231	(2,816)
Changes in bank balances – client accounts		(27,503)	(598,546)	591,526	526,461	(126,205)
Changes in accounts payable		50,075	568,163	(583,358)	(820,346)	178,283
Changes in accrued charges and other payables		(1,092)	327	(557)	2,064	(85)
Cash generated from (used in) operations		37,960	(375,622)	(1,207,746)	(446,668)	(440,050)
Interest received		114,918	138,722	203,470	122,375	223,001
Hong Kong Profits Tax paid		(19,916)	(15,562)	(25,687)	(4,381)	(5,441)
Net cash generated from (used in) operating activities		132,962	(252,462)	(1,029,963)	(328,674)	(222,490)
Investing activities						
Repayments from the ultimate holding company		60	21,871	121,020	100,397	59,740
Advance made to the ultimate holding company		(1,090)	(23,147)	(131,515)	(101,003)	(82,046)
Repayments from a fellow subsidiary		–	20,000	119,000	99,000	52,000
Advance made to a fellow subsidiary		–	(20,000)	(119,004)	(99,002)	(51,946)
Purchase of property and equipment		(1,594)	(410)	(589)	(409)	(1,456)
Proceeds from disposal of property and equipment		207	–	–	–	–
Net cash used in investing activities		(2,417)	(1,686)	(11,088)	(1,017)	(23,708)

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Financing activities					
Proceeds from amounts due to the ultimate holding company . . . . .	695,413	2,179,359	2,291,472	1,440,137	1,545,269
Repayments of amounts due to the ultimate holding company . . . . .	(814,645)	(1,502,494)	(1,817,933)	(1,319,840)	(1,063,506)
Dividend paid . . . . .	–	(45,000)	–	–	–
Interest paid . . . . .	(170)	(202)	(473)	(202)	(749)
Proceeds from bank borrowings . . . . .	–	–	638,490	–	–
Repayments of bank borrowings . . . . .	–	–	(430,000)	–	(208,490)
Net cash (used in) generated from financing activities . . . . .	(119,402)	631,663	681,556	120,095	272,524
Net increase (decrease) in cash and cash equivalents . . . . .	11,143	377,515	(359,495)	(209,596)	26,326
Cash and cash equivalents at beginning of the year/period . . . . .	123,929	135,072	512,587	512,587	153,092
Cash and cash equivalents at end of the year/period . . . . .	<u>135,072</u>	<u>512,587</u>	<u>153,092</u>	<u>302,991</u>	<u>179,418</u>
Represented by:					
Bank balances – general accounts . . . . .	135,024	512,563	153,069	302,941	179,363
Cash . . . . .	48	24	23	50	55
	<u>135,072</u>	<u>512,587</u>	<u>153,092</u>	<u>302,991</u>	<u>179,418</u>

**NOTES TO THE FINANCIAL INFORMATION****1. GENERAL**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 31 August 2015. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed Corporate Information in the Prospectus. The Company's immediate and ultimate holding company is Get Nice Holdings Limited ("**Get Nice**"), a company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are the provision of broking, securities margin financing and corporate finance services.

The Financial Information is presented in Hong Kong dollar ("**HK\$**") which is also the functional currency of the Company.

**2. BASIS OF PREPARATION****Group reorganisation**

Pursuant to the Group Reorganisation to rationalise the group structure to prepare for the listing of the shares of the Company, the Company acquired the entire equity interests in the companies comprising the Group from Get Nice. The Group Reorganisation was completed on 16 March 2016 and since then, the Company became the holding company of the companies comprising the Group (the "**Combined Entities**"). The Combined Entities and the Company are under common control of Get Nice before and after the Group Reorganisation. Therefore, the acquisition of the Combined Entities is accounted for as business combination under common control by applying the principles of merger accounting.

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 the Relevant Periods include the results, changes in equity and cash flows of the Combined Entities as if the current group structure had been in existence throughout the Relevant Periods.

The combined statements of financial position of the Group as at 31 March 2013, 2014 and 2015 and 30 November 2015 have been prepared to present the assets and liabilities of the Combined Entities as if the current group structure had been in existence as at those dates.

### 3. APPLICATION OF NEW AND REVISED HKFRSs

For the purposes of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently applied all the HKFRSs which are effective for the Group's accounting period beginning on 1 April 2015 throughout the Relevant Periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, which may be relevant to the Group:

HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKAS 1	Disclosure initiative <sup>1</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

#### HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

#### **HKFRS 15 Revenue from contracts with customers**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except for the above, the directors of the Company do not anticipate that the application of the new and revised HKFRSs listed above will have a material impact on the Financial Information.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The Financial Information has been prepared in accordance with accounting policies, which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**Basis of combination**

The Financial Information incorporates the financial statements of the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

**Merger accounting for business combination involving entities under common control**

The Financial Information incorporates the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of Get Nice's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

(a) Revenue arising from financial services is recognised on the following basis:

- Commission income for broking business is recorded as income on a trade date basis;
- Underwriting commission income, sub-underwriting commission income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed;
- Advisory, clearing and handling fee income and proof of funds commission are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Property and equipment**

Property and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Buildings are stated in the combined statements of financial position at their revalued amounts, being the fair value less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on revaluation of buildings is recognised in other comprehensive income and accumulated in the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred directly to retained profits.



Depreciation is recognised so as to write off the cost or valuation of property and equipment less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Retirement benefit costs**

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in the combined statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

*Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

*Current and deferred tax for the year/period*

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Intangible assets**

*Intangible assets acquired separately*

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses (see the accounting policy in respect of impairment of non-financial assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

*Impairment of non-financial assets other than goodwill*

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and the net amount presented in the combined statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

*Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. The financial assets classified as at FVTPL are held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a 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
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other gains and losses. Fair value is determined in the manner described in note 7.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including accounts receivable, deposits, other receivables, amounts due from the ultimate holding company, amounts due from a fellow subsidiary and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Accounts receivable are assessed on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

***Financial liabilities and equity instruments***

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities*

Financial liabilities including accounts payable, other payables, amounts due to the ultimate holding company and bank borrowings are subsequently measured at amortised cost using the effective interest method.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

**Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Leasehold land and building**

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating lease in which the entire lease is classified as operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the combined statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balances and short-term time deposits with an original maturity of three months or less.

**5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of applying the Group's accounting policies, the management has made various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the Financial Information within the next financial year are disclosed below.

**Impairment losses on accounts receivable**

The Group periodically reviews its accounts receivable to assess whether impairment losses exist. In determining whether impairment losses should be recorded in the combined statements of profit or loss and other comprehensive income, the Group has individually and collectively evaluated its accounts receivable for impairment after taking into account the value of the underlying collateral of each borrower and as a whole, and the latest financial position and other information available of those borrowers in default of settlement to determine the net present value of expected future cash inflow. If the financial conditions of the clients of the Group were to deteriorate, resulting in an impairment of their ability to make repayments, additional impairment losses may be required. As at 31 March 2013, 2014 and 2015 and 30 November 2015, the carrying amount of accounts receivable were HK\$1,442,882,000, HK\$1,791,025,000, HK\$3,042,821,000 and HK\$3,594,700,000 respectively, net of allowance for impaired debts of HK\$15,965,000, HK\$17,615,000, HK\$14,602,000 and HK\$17,386,000 respectively.

**Tax provision and tax losses**

As at 31 March 2013, 2014 and 2015 and 30 November 2015, no deferred tax asset has been recognised in respect of certain tax losses of approximately HK\$20,501,000, HK\$22,512,000, HK\$23,101,000 and HK\$25,022,000 due to uncertainty of future profit streams. In addition, the realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax asset may arise, which would be recognised in profit or loss for the year/period in which such a recognition takes place.

## 6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes bank borrowings as disclosed in note 30, and equity attributable to owners of the Company, comprising reserves as disclosed in the combined statements of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the Relevant Periods.

Certain group entities are regulated by the Hong Kong Securities and Futures Commission (the "SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The Group's regulated entities are 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 these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout the Relevant Periods.

## 7. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
Financial assets				
Fair value through profit or loss				
– held for trading . . . . .	136	115	191	24
Loans and receivables (including cash and cash equivalents) . . . . .	1,898,683	3,223,995	3,534,791	4,261,988
Financial liabilities				
Amortised cost . . . . .	1,092,870	2,338,713	2,436,904	2,889,063

### Financial risk management objectives and policies

The Group's major financial instruments include financial assets held for trading, accounts receivable, deposits and other receivables, amounts due from the ultimate holding company, amounts due from a fellow subsidiary, bank balances, accounts payable, amounts due to the ultimate holding company, other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.



**Interest rate risk**

The Group is mainly exposed to cash flow interest rate risk in relation to accounts receivable, bank balances and variable rate bank borrowings. The Group currently does not have an interest rate hedging policy. However, the Group closely manages its exposure arising from margin financing activities undertaken by allowing an appropriate margin on the interest received and paid by the Group. The Group aims at maintaining an interest rate spread, such that the Group is always in a net interest-bearing asset position and derives net interest income.

The Group's exposures to interest rates on financial instruments are detailed in other sections of this note.

**Cash flow interest rate risk**

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's variable interest rate instruments.

A 50 basis points increase or decrease on accounts receivable and bank borrowings is used while 5 basis points increase or decrease on bank balances is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year/period. If the interest rate had been 50 basis points higher/lower on accounts receivable and bank borrowings and 5 basis points higher/lower on bank balances, the Group's profit after taxation would increase/decrease by HK\$5,892,000, HK\$7,299,000, HK\$10,761,000 and HK\$15,405,000 for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015, respectively.

**Other price risk**

The Group is exposed to equity price risk through its investments in listed equity securities. The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity securities.

No sensitivity analysis has been presented as the directors of the Company consider the price risk is not significant.

**Currency risk**

In the opinion of the directors of the Company, the currency risk exposure is not significant as most of the transactions and financial assets and liabilities of the group entities are denominated in the functional currencies of the respective entities. Accordingly, no sensitivity analysis has been presented on the currency risk.

**Credit risk**

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the combined statements of financial position.

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment allowances are made for losses that have been incurred at the end of each reporting period. Significant changes in the economy or environment of a particular industry segment could result in losses that are different from those provided for at the end of each reporting period. Management therefore carefully manages its exposure to credit risk.

The Group structures the levels of credit risk it undertakes in relation of accounts receivable and other receivables by placing limits on the amount of risk accepted in relation to any borrower or issuer, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a quarterly or more frequent review.

The management 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. Each client has a maximum credit limit based on the quality of collateral held and the financial background of the client. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Margin calls are made when the trades of margin clients exceed their respective limits. Any such excess is required to be made good within the next trading day. Failure to meet margin calls may result in the liquidation of the client's positions. The Group seeks to maintain strict control over its outstanding receivables.

The credit risk on bank balances is limited as the counterparties are banks with high credit rating assigned by international credit-rating agencies.

#### ***Liquidity risk***

As part of its ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing house or brokers and customers. To address the risk, the treasury team works closely with the settlement division on monitoring the liquidity gap. The Group manages its liquidity risk through maintaining sufficient cash, the availability of funding from the market in the capacity of a financial institution, and the ability to close out market positions. As part of the measures to safeguard liquidity, the Group has maintained substantial stand-by banking facilities, diversifying the funding sources and spacing out the maturity dates.

#### ***Liquidity and interest risk tables***

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The difference between the "Total undiscounted cash flows" column and the "Carrying amount at the end of reporting period" column represents the future contractual cash flows attributable to the instruments included in the maturity analysis which are not included in the carrying amount of the financial liabilities on the combined statements of financial position.

	Weighted average effective interest rate per annum %	Repayable on demand HK\$'000	Less than 1 month HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at the end of reporting period HK\$'000
<b>At 31 March 2013</b>					
Non-derivative financial liabilities					
Accounts payable . . . . .	0 to 0.25%	127,123	166,309	293,432	293,399
Other payables . . . . .	–	1	2,026	2,027	2,027
Amounts due to the ultimate holding company . . . . .	–	797,444	–	797,444	797,444
		<u>924,568</u>	<u>168,335</u>	<u>1,092,903</u>	<u>1,092,870</u>
<b>At 31 March 2014</b>					
Non-derivative financial liabilities					
Accounts payable . . . . .	0 to 0.25%	781,096	80,482	861,578	861,562
Other payables . . . . .	–	1,432	1,410	2,842	2,842
Amounts due to the ultimate holding company . . . . .	–	1,474,309	–	1,474,309	1,474,309
		<u>2,256,837</u>	<u>81,892</u>	<u>2,338,729</u>	<u>2,338,713</u>
<b>At 31 March 2015</b>					
Non-derivative financial liabilities					
Accounts payable . . . . .	0 to 0.25%	216,124	62,091	278,215	278,204
Other payables . . . . .	–	623	1,739	2,362	2,362
Amounts due to the ultimate holding company . . . . .	–	1,947,848	–	1,947,848	1,947,848
Bank borrowings . . . . .	0.95% to HIBOR + 1.85%	–	208,590	208,590	208,490
		<u>2,164,595</u>	<u>272,420</u>	<u>2,437,015</u>	<u>2,436,904</u>
<b>At 30 November 2015</b>					
Non-derivative financial liabilities					
Accounts payable . . . . .	0 to 0.25%	327,714	128,851	456,565	456,487
Other payables . . . . .	–	–	2,965	2,965	2,965
Amounts due to the ultimate holding company . . . . .	–	2,429,611	–	2,429,611	2,429,611
		<u>2,757,325</u>	<u>131,816</u>	<u>2,889,141</u>	<u>2,889,063</u>

The following tables detail the Group's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets, including interests that will be earned on those assets, the analysis is based on the Group's anticipation of when the cash flows will occur. The inclusion of information on financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate per annum	Repayable on demand	Less than 1 month	Between 1 to 3 months	3 months to 1 year	Undated	Total undiscounted cash flows	Carrying amount at the end of reporting period
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March 2013</b>								
Non-derivative financial assets								
Gross accounts receivable	Hong Kong Prime Rate + 2% to a fixed rate of 18%	1,427,031	32,332	-	-	-	1,459,363	1,458,847
Less: impairment allowance	-	(15,965)	-	-	-	-	(15,965)	(15,965)
Net accounts receivable	-	1,411,066	32,332	-	-	-	1,443,398	1,442,882
Deposits and other receivables	-	-	512	5	78	859	1,454	1,454
Amounts due from the ultimate holding company	-	120,913	-	-	-	-	120,913	120,913
Amounts due from a fellow subsidiary	-	50	-	-	-	-	50	50
Bank balances – client accounts	0.01%	198,312	-	-	-	-	198,312	198,312
Bank balances – general accounts and cash	0.23%	109,743	19,355	5,974	-	-	135,072	135,072
Financial assets held for trading	-	-	-	-	-	136	136	136
		1,840,084	52,199	5,979	78	995	1,899,335	1,898,819

	Weighted average effective interest rate per annum	Repayable on demand	Less than 1 month	Between 1 to 3 months	3 months to 1 year	Undated	Total undiscounted cash flows	Carrying amount at the end of reporting period
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March 2014</b>								
Non-derivative financial assets								
Gross accounts receivable	Hong Kong Prime Rate + 2% to a fixed rate of 18%	1,763,072	46,163	-	-	-	1,809,235	1,808,640
Less: impairment allowance	-	(17,615)	-	-	-	-	(17,615)	(17,615)
Net accounts receivable	-	1,745,457	46,163	-	-	-	1,791,620	1,791,025
Deposits and other receivables	-	-	20	7	110	1,149	1,286	1,286
Amounts due from the ultimate holding company	-	122,189	-	-	-	-	122,189	122,189
Amounts due from a fellow subsidiary	-	50	-	-	-	-	50	50
Bank balances – client accounts	0.01%	796,858	-	-	-	-	796,858	796,858
Bank balances – general accounts and cash	0.23%	216,692	280,665	15,290	-	-	512,647	512,587
Financial assets held for trading	-	-	-	-	-	115	115	115
		2,881,246	326,848	15,297	110	1,264	3,224,765	3,224,110

	Weighted average effective interest rate per annum	Repayable on demand	Less than 1 month	Between 1 to 3 months	3 months to 1 year	Undated	Total undiscounted cash flows	Carrying amount at the end of reporting period
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March 2015</b>								
Non-derivative financial assets								
Gross accounts receivable	Hong Kong Prime Rate + 2% to a fixed rate of 18%	2,999,233	59,024	-	-	-	3,058,257	3,057,423
Less: impairment allowance	-	(14,602)	-	-	-	-	(14,602)	(14,602)
Net accounts receivable	-	2,984,631	59,024	-	-	-	3,043,655	3,042,821
Deposits and other receivables	-	-	57	6	11	734	808	808
Amounts due from the ultimate holding company	-	132,684	-	-	-	-	132,684	132,684
Amounts due from a fellow subsidiary	-	54	-	-	-	-	54	54
Bank balances – client accounts	0.01%	125,332	80,067	-	-	-	205,399	205,332
Bank balances – general accounts and cash	0.23%	127,401	10,295	15,422	-	-	153,118	153,092
Financial assets held for trading	-	-	-	-	-	191	191	191
		<b>3,370,102</b>	<b>149,443</b>	<b>15,428</b>	<b>11</b>	<b>925</b>	<b>3,535,909</b>	<b>3,534,982</b>

	Weighted average effective interest rate per annum	Repayable on demand	Less than 1 month	Between 1 to 3 months	3 months to 1 year	Undated	Total undiscounted cash flows	Carrying amount at the end of reporting period
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 30 November 2015</b>								
Non-derivative financial assets								
Gross accounts receivable	Hong Kong Prime Rate + 2% to a fixed rate of 18%	3,561,769	51,317	-	-	-	3,613,086	3,612,086
Less: impairment allowance	-	(17,386)	-	-	-	-	(17,386)	(17,386)
Net accounts receivable	-	3,544,383	51,317	-	-	-	3,595,700	3,594,700
Deposits and other receivables	-	-	-	83	-	1,260	1,343	1,343
Amounts due from the ultimate holding company	-	154,990	-	-	-	-	154,990	154,990
Bank balances – client accounts	0.01%	104,937	226,690	-	-	-	331,627	331,537
Bank balances – general accounts and cash	0.24%	146,989	24,701	7,740	-	-	179,430	179,418
Financial assets held for trading	-	-	-	-	-	24	24	24
		<b>3,951,299</b>	<b>302,708</b>	<b>7,823</b>	<b>-</b>	<b>1,284</b>	<b>4,263,114</b>	<b>4,262,012</b>

### Fair values

The following table gives information about how the fair values of financial assets that are measured at fair value on a recurring basis are determined.

Financial assets	Fair value as at				Fair value hierarchy	Valuation techniques and key inputs
	2013	2014	2015	30 November 2015		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>Held for trading investments</b>						
– Listed equity securities in Hong Kong	136	115	191	24	Level 1	Quoted prices in an active market.

There were no transfers between Levels 1, 2 and 3 throughout the Relevant Periods.

The fair values of other financial assets and financial liabilities which are stated at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

#### **Financial assets and financial liabilities offsetting**

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's combined statements of financial position; or
- not offset in the Group's combined statements of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("**HKSCC**") and brokers, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with its retail customers in the Group's brokerage business ("**brokerage clients**") that are due to be settled on the same date with reference to the settlement method set by the HKSCC and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, a broker and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposits placed with HKSCC and brokers do not meet the criteria for offsetting in the combined statements of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

#### **As at 31 March 2013**

	Gross amounts of recognised financial liabilities		Net amounts of financial assets presented in the combined statement of financial position	Related amounts not offset in the combined statement of financial position		
	Gross amounts of recognised financial assets after impairment	set off in the combined statement of financial position		Financial instruments	Collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivable arising from the business of dealing in securities and futures contracts .....	1,544,807	(101,925)	1,442,882	(2,318)	(1,411,557)	29,007
	<u>1,544,807</u>	<u>(101,925)</u>	<u>1,442,882</u>	<u>(2,318)</u>	<u>(1,411,557)</u>	<u>29,007</u>
	Gross amounts of recognised financial assets		Net amounts of financial liabilities presented in the combined statement of financial position	Related amounts not offset in the combined statement of financial position		
Gross amounts of recognised financial liabilities	set off in the combined statement of financial position	financial position		Financial instruments	Collateral pledged	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable arising from the business of dealing in securities and futures contracts .....	395,324	(101,925)	293,399	(191,728)	-	101,671
	<u>395,324</u>	<u>(101,925)</u>	<u>293,399</u>	<u>(191,728)</u>	<u>-</u>	<u>101,671</u>

**As at 31 March 2014**

	Gross amounts of recognised financial liabilities	Net amounts of financial assets	Related amounts not offset in the combined statement of financial position			
	Gross amounts of recognised financial assets after impairment	set off in the combined statement of financial position	presented in the combined statement of financial position	Financial instruments	Collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivable arising from the business of dealing in securities and futures contracts .....	1,927,396	(136,371)	1,791,025	(1,343)	(1,734,141)	55,541

	Gross amounts of recognised financial assets	Net amounts of financial liabilities	Related amounts not offset in the combined statement of financial position			
	Gross amounts of recognised financial liabilities	set off in the combined statement of financial position	presented in the combined statement of financial position	Financial instruments	Collateral pledged	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable arising from the business of dealing in securities and futures contracts .....	997,933	(136,371)	861,562	(802,807)	–	58,755

**As at 31 March 2015**

	Gross amounts of recognised financial liabilities	Net amounts of financial assets	Related amounts not offset in the combined statement of financial position			
	Gross amounts of recognised financial assets after impairment	set off in the combined statement of financial position	presented in the combined statement of financial position	Financial instruments	Collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivable arising from the business of dealing in securities and futures contracts .....	3,404,979	(362,158)	3,042,821	(3,756)	(2,987,115)	51,950

	Gross amounts of recognised financial assets	Net amounts of financial liabilities	Related amounts not offset in the combined statement of financial position			
	Gross amounts of recognised financial liabilities	set off in the combined statement of financial position	presented in the combined statement of financial position	Financial instruments	Collateral pledged	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable arising from the business of dealing in securities and futures contracts .....	640,362	(362,158)	278,204	(195,855)	–	82,349



## As at 30 November 2015

	Gross amounts of recognised financial liabilities		Net amounts of financial assets presented in the combined statement of		Related amounts not offset in the combined statement of financial position		
	Gross amounts of recognised financial assets	set off in the combined statement of	financial position	financial position	Financial instruments	Collateral received	Net amount
	after impairment	financial position	financial position	financial position	Financial instruments	Collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivable arising from the business of dealing in securities and futures contracts .....	3,875,297	(280,597)	3,594,700	(29,297)	(3,555,563)		9,840
	<u>3,875,297</u>	<u>(280,597)</u>	<u>3,594,700</u>	<u>(29,297)</u>	<u>(3,555,563)</u>		<u>9,840</u>
	Gross amounts of recognised financial assets		Net amounts of financial liabilities presented in the combined statement of		Related amounts not offset in the combined statement of financial position		
	Gross amounts of recognised financial liabilities	set off in the combined statement of	financial position	financial position	Financial instruments	Collateral pledged	Net amount
	financial liabilities	financial position	financial position	financial position	Financial instruments	Collateral pledged	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable arising from the business of dealing in securities and futures contracts .....	737,084	(280,597)	456,487	(356,846)	-		99,641
	<u>737,084</u>	<u>(280,597)</u>	<u>456,487</u>	<u>(356,846)</u>	<u>-</u>		<u>99,641</u>

Note: The cash and financial collateral received/pledged as at 31 March 2013, 2014 and 2015 and 30 November 2015 stated above are at their fair values as at those dates.

## 8. REVENUE

	Year Ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Brokerage commission .....	32,533	43,675	54,827	34,321	66,079
Underwriting and placing commission .....	7,354	8,397	12,252	9,883	34,861
Proof of funds commission .....	-	-	10,859	6,850	10,200
Interest income from:					
Loans and receivables					
– clients .....	114,584	133,299	201,061	120,377	221,610
– financial institutions .....	273	5,402	2,335	1,937	1,336
– clearing house .....	1	-	1	-	1
Clearing and handling fee income .....	3,066	5,234	7,151	4,226	11,790
Advisory fee income .....	480	400	2,002	1,542	2,497
Other commission .....	-	143	-	6	20
	<u>158,291</u>	<u>196,550</u>	<u>290,488</u>	<u>179,142</u>	<u>348,394</u>

## 9. SEGMENT INFORMATION

The Group is currently organised into three operating divisions, namely, broking, securities margin financing and corporate finance. These divisions are the basis on which senior management of the Group, being the chief operating decision maker, reviews the operating results and financial information. The principal activities of these divisions are as follows:

Broking	–	provision of stockbroking, futures and options broking and underwriting and placements
Securities margin financing	–	provision of securities margin financing
Corporate finance	–	provision of corporate advisory services

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than amounts due from the ultimate holding company, amounts due from a fellow subsidiary, certain prepaid lease payments and property and equipment, club membership, tax recoverable and deferred tax assets.
- all liabilities are allocated to operating segments other than amounts due to the ultimate holding company, tax payable and deferred tax liabilities.
- all profit or loss are allocated to operating segments other than certain depreciation, operating lease rentals, management fees and certain other expenses, incurred for strategic planning by the Group.

Segment information about these divisions is presented below.

**Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments:

*For the year ended 31 March 2013*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS .....	43,202	114,573	516	158,291
SEGMENT PROFIT (LOSS) .....	5,601	113,667	(137)	119,131
Unallocated corporate expenses .....				(14,920)
Profit before taxation .....				104,211

*For the year ended 31 March 2014*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS .....	63,019	133,100	431	196,550
SEGMENT PROFIT (LOSS) .....	18,278	131,385	(238)	149,425
Unallocated corporate expenses .....				(14,095)
Profit before taxation .....				135,330

**APPENDIX I****ACCOUNTANTS' REPORT***For the year ended 31 March 2015*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS .....	87,467	200,981	2,040	290,488
SEGMENT PROFIT .....	39,567	203,771	1,317	244,655
Unallocated corporate expenses .....				(13,849)
Profit before taxation .....				230,806

*For the period ended 30 November 2014 (unaudited)*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS .....	57,265	120,310	1,567	179,142
SEGMENT PROFIT .....	26,504	122,148	531	149,183
Unallocated corporate expenses .....				(6,471)
Profit before taxation .....				142,712

*For the period ended 30 November 2015*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS .....	124,362	221,517	2,515	348,394
SEGMENT PROFIT .....	77,381	217,761	2,403	297,545
Unallocated corporate expenses .....				(17,395)
Profit before taxation .....				280,150

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 March 2013

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT ASSETS .....	272,675	1,510,439	6,988	1,790,102
Unallocated assets .....				258,726
Combined total assets .....				<u>2,048,828</u>
SEGMENT LIABILITIES .....	<u>185,088</u>	<u>113,559</u>	<u>71</u>	298,718
Unallocated liabilities .....				801,728
Combined total liabilities .....				<u>1,100,446</u>

As at 31 March 2014

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT ASSETS .....	652,096	2,455,633	6,810	3,114,539
Unallocated assets .....				257,901
Combined total assets .....				<u>3,372,440</u>
SEGMENT LIABILITIES .....	<u>133,512</u>	<u>733,625</u>	<u>71</u>	867,208
Unallocated liabilities .....				1,485,518
Combined total liabilities .....				<u>2,352,726</u>

As at 31 March 2015

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT ASSETS .....	317,960	3,086,990	8,181	3,413,131
Unallocated assets .....				263,870
Combined total assets .....				<u>3,677,001</u>
SEGMENT LIABILITIES .....	<u>377,524</u>	<u>114,193</u>	<u>66</u>	491,783
Unallocated liabilities .....				1,972,197
Combined total liabilities .....				<u>2,463,980</u>

As at 30 November 2015

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
SEGMENT ASSETS .....	319,905	3,789,302	8,088	4,117,295
Unallocated assets .....				288,914
Combined total assets .....				<u>4,406,209</u>
SEGMENT LIABILITIES .....	<u>206,088</u>	<u>255,399</u>	<u>4</u>	461,491
Unallocated liabilities .....				2,497,000
Combined total liabilities .....				<u>2,958,491</u>

**Other segment information**

*For the year ended 31 March 2013*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment . . . . .	1,594	–	–	1,594
Depreciation of property and equipment . . . . .	1,103	–	2	1,105
Recognition of impairment loss on loans to securities margin clients . . . . .	–	755	–	755
Gain on disposal of property and equipment . . . . .	207	–	–	207
Realised gains on financial assets held for trading . . . . .	296	–	–	296
Unrealised gains on financial assets held for trading . . . . .	119	–	–	119
Commission expenses . . . . .	10,085	–	–	10,085
	<b>10,085</b>	<b>–</b>	<b>–</b>	<b>10,085</b>

*For the year ended 31 March 2014*

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment . . . . .	410	–	–	410
Depreciation of property and equipment . . . . .	1,021	–	2	1,023
Recognition of impairment loss on loans to securities margin clients . . . . .	–	1,657	–	1,657
Unrealised losses on financial assets held for trading . . . . .	21	–	–	21
Commission expenses . . . . .	14,534	–	–	14,534
	<b>14,534</b>	<b>–</b>	<b>–</b>	<b>14,534</b>

# APPENDIX I

# ACCOUNTANTS' REPORT

For the year ended 31 March 2015

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment . . . . .	589	–	–	589
Depreciation of property and equipment . . . . .	962	–	4	966
Net reversal of impairment loss on loans to securities margin clients . . . . .	–	3,013	–	3,013
Loss on disposal of property and equipment . . . . .	1,469	–	–	1,469
Unrealised gains on financial assets held for trading . . . . .	76	–	–	76
Commission expenses . . . . .	17,258	–	–	17,258
	<u>17,258</u>	<u>–</u>	<u>–</u>	<u>17,258</u>

For the period ended 30 November 2014 (unaudited)

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment . . . . .	409	–	–	409
Depreciation of property and equipment . . . . .	616	–	2	618
Net reversal of impairment loss on loans to securities margin clients . . . . .	–	1,991	–	1,991
Unrealised gains on financial assets held for trading . . . . .	46	–	–	46
Commission expenses . . . . .	10,886	–	–	10,886
	<u>10,886</u>	<u>–</u>	<u>–</u>	<u>10,886</u>

For the period ended 30 November 2015

	<b>Broking</b>	<b>Securities margin financing</b>	<b>Corporate finance</b>	<b>Combined</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:				
Additions of property and equipment . . . . .	1,456	–	–	1,456
Depreciation of property and equipment . . . . .	675	–	1	676
Recognition of impairment loss on loans to securities margin clients . . . . .	–	3,129	–	3,129
Unrealised losses on financial assets held for trading . . . . .	167	–	–	167
Commission expenses . . . . .	18,818	–	–	18,818
	<u>18,818</u>	<u>–</u>	<u>–</u>	<u>18,818</u>



All segments' operations are primarily located in Hong Kong and substantially all of the Group's revenue is derived from Hong Kong.

#### Information about major customers

During the years/periods ended 31 March 2013, 2014 and 2015 and 30 November 2014 and 2015, there were no customers contributing over 10% of the Group's total revenue.

#### 10. OTHER OPERATING INCOME/OTHER GAINS AND LOSSES

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
<b>(a) Other operating income</b>					
Bank interest income . . . . .	41	36	83	61	54
Sundry income . . . . .	128	52	2,786	2,782	9
	<u>169</u>	<u>88</u>	<u>2,869</u>	<u>2,843</u>	<u>63</u>

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
<b>(b) Other gains and losses</b>					
Net (recognition) reversal of impairment loss on loans to securities margin clients . . . . .	(755)	(1,657)	3,013	1,991	(3,129)
Net realised (losses) gains on error trades . . . . .	(2)	(119)	(51)	(5)	23
Realised gains on financial assets held for trading . . . . .	296	–	–	–	–
Unrealised gains (losses) on financial assets held for trading . . . . .	119	(21)	76	46	(167)
Gain (loss) on disposal of property and equipment . . . . .	207	–	(1,469)	–	–
Net exchange loss . . . . .	–	(19)	–	–	–
	<u>(135)</u>	<u>(1,816)</u>	<u>1,569</u>	<u>2,032</u>	<u>(3,273)</u>

## 11. STAFF COSTS

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Staff costs, including directors' remuneration:					
Salaries and other benefits . . . . .	12,300	12,112	12,547	7,517	9,039
Contributions to retirement benefits scheme . . . . .	368	408	354	325	336
	<u>12,668</u>	<u>12,520</u>	<u>12,901</u>	<u>7,842</u>	<u>9,375</u>

## 12. FINANCE COSTS

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Interest on bank loans and overdrafts wholly repayable within five years . . . . .	127	143	353	153	628
Interest on clients' accounts . . . . .	43	59	120	49	121
	<u>170</u>	<u>202</u>	<u>473</u>	<u>202</u>	<u>749</u>

## 13. PROFIT BEFORE TAXATION

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)
Profit before taxation has been arrived at after charging:					
Auditor's remuneration . . . . .	2,165	1,288	1,052	798	790
Operating lease rentals in respect of rented berth . . . . .	580	625	695	463	463
Listing expenses . . . . .	–	–	–	–	8,648
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,648</u>

## 14. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

The remuneration of the directors appointed by the Company on 31 August 2015 and 24 September 2015 paid or payable by the entities comprising the Group for the services provided to the Group during the Relevant Periods including the Chief Executive Officer was as follows:

	Directors			Chief Executive Officer	Total
	Hung Hon Man	Shum Kin Wai, Frankie	Kam Leung Ming	Hung Sui Kwan	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Year ended 31 March 2013					
Fees .....	-	-	-	-	-
Other emoluments:					
Salaries and other benefits .....	-	-	-	-	-
Discretionary bonus .....	-	-	-	-	-
Contributions to retirement benefit scheme .....	-	-	-	-	-
Commission .....	-	98	-	-	98
Total remuneration .....	-	98	-	-	98

	Directors			Chief Executive Officer	Total
	Hung Hon Man	Shum Kin Wai, Frankie	Kam Leung Ming	Hung Sui Kwan	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Year ended 31 March 2014					
Fees .....	-	-	-	-	-
Other emoluments:					
Salaries and other benefits .....	-	-	-	-	-
Discretionary bonus .....	-	-	-	-	-
Contributions to retirement benefit scheme .....	-	-	-	-	-
Commission .....	-	177	-	-	177
Total remuneration .....	-	177	-	-	177

	Directors			Chief Executive Officer	Total
	Hung Hon Man	Shum Kin Wai, Frankie	Kam Leung Ming	Hung Sui Kwan	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Year ended 31 March 2015					
Fees .....	-	-	-	-	-
Other emoluments:					
Salaries and other benefits .....	-	-	-	-	-
Discretionary bonus .....	-	-	-	-	-
Contributions to retirement benefit scheme .....	-	-	-	-	-
Commission .....	-	162	-	225	387
Total remuneration .....	-	162	-	225	387

	Directors			Chief Executive Officer	Total
	Hung Hon Man	Shum Kin Wai, Frankie	Kam Leung Ming	Hung Sui Kwan	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Period ended 30 November 2014 (unaudited)					
Fees .....	-	-	-	-	-
Other emoluments:					
Salaries and other benefits .....	-	-	-	-	-
Discretionary bonus .....	-	-	-	-	-
Contributions to retirement benefit scheme .....	-	-	-	-	-
Commission .....	-	101	-	-	101
Total remuneration .....	-	101	-	-	101

	Directors			Chief Executive Officer	Total
	Hung Hon Man	Shum Kin Wai, Frankie	Kam Leung Ming	Hung Sui Kwan	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Period ended 30 November 2015					
Fees .....	-	-	-	-	-
Other emoluments:					
Salaries and other benefits (note) .....	-	105	78	150	333
Discretionary bonus .....	-	-	-	-	-
Contributions to retirement benefit scheme .....	-	5	4	5	14
Commission .....	-	246	-	529	775
Total remuneration .....	-	356	82	684	1,122

Note: The balances shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Mr. Hung Sui Kwan is also the director of the Company and his emoluments disclosed above include those for services rendered by him as the Director.

The remuneration of Hung Hon Man, Shum Kin Wai, Frankie, Hung Sui Kwan and Kam Leung Ming for the years ended 31 March 2013, 2014 and 2015, other than commission, was borne by Get Nice and there is no basis of allocation of their remuneration between Get Nice and the Group.

Cheung Chi Kong, Ronald, Chan Ka Kit and Ng Yau Kuen, Carmen were appointed as the Independent Non-Executive Directors of the Company on 16 March 2016.

Neither the Chief Executive Officer nor any of the directors waived any emoluments in the years ended 31 March 2013, 2014 and 2015, and the eight months ended 30 November 2014 (unaudited) and 2015.

#### Employees' emoluments

The five high paid individuals included nil, nil, nil, nil and one director during the years ended 31 March 2013, 2014 and 2015, the eight months ended 30 November 2014 (unaudited) and 2015 respectively, and details of whose emoluments were disclosed above. Details of the emoluments for the remaining five, five, five, five and four individuals for the years ended 31 March 2013, 2014 and 2015, and the eight months ended 30 November 2014 (unaudited) and 2015, are as follows:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salaries, commission and other benefits . . .	3,226	5,780	8,412	5,638	5,965
Discretionary bonus . . . . .	–	–	–	–	1,571
Contributions to retirement benefit scheme . . . . .	26	27	40	20	17
	<u>3,252</u>	<u>5,807</u>	<u>8,452</u>	<u>5,658</u>	<u>7,553</u>

Their emoluments were within the following bands:

	Number of employees Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
				(Unaudited)	
Nil to HK\$1,000,000 . . . . .	5	3	2	3	1
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	1	1	–
HK\$2,500,001 to HK\$3,000,000 . . . . .	–	–	–	–	–
HK\$3,000,001 to HK\$3,500,000 . . . . .	–	–	1	–	–
HK\$3,500,001 to HK\$4,000,000 . . . . .	–	–	–	–	1
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid individuals and directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

## 15. TAXATION

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Current tax:					
Hong Kong . . . . .	17,797	22,107	38,586	23,560	47,989
Overprovision in prior years/periods					
Hong Kong . . . . .	(104)	(140)	(93)	–	–
	17,693	21,967	38,493	23,560	47,989
Deferred taxation (note 31)					
Current year/period . . . . .	269	14	328	–	–
	17,962	21,981	38,821	23,560	47,989

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit throughout the Relevant Periods.

The taxation for the years/periods can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Profit before taxation . . . . .	104,211	135,330	230,806	142,712	280,150
Taxation at Hong Kong Profits					
Tax rate of 16.5% . . . . .	17,195	22,329	38,083	23,547	46,225
Tax effect of expenses not deductible for tax purpose . . . . .	408	407	392	261	1,981
Tax effect of income not taxable for tax purpose . . . . .	(87)	(918)	(393)	(302)	(221)
Tax effect of estimated tax losses not recognised . . . . .	316	335	294	166	320
Utilisation of tax losses not recognised . . . . .	(2)	(3)	(197)	(132)	(3)
Overprovision in prior years/periods . . . . .	(104)	(140)	(93)	–	–
Others . . . . .	236	(29)	735	20	(313)
Taxation for the year/period . . . . .	17,962	21,981	38,821	23,560	47,989

## 16. DIVIDENDS

HK\$45,000,000 has been paid by Get Nice Incorporated to Get Nice for the year ended 31 March 2014. No dividend has been paid or declared by the Group for the years ended 31 March 2013 and 2015 and the eight months ended 30 November 2014 (unaudited) and 2015.

Dividend per share is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to 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.

## 17. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to 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.

## 18. PREPAID LEASE PAYMENTS AND PROPERTY AND EQUIPMENT

	Prepaid lease payments		Property and equipment					Sub-total	Total
	Leasehold land	Buildings	Leasehold improvements	Motor vehicles and yacht	Office equipment	Furniture and fixtures			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>COST OR VALUATION</b>									
At 1 April 2012	103,780	29,102	12,314	29,095	22,626	2,002	95,139	198,919	
Additions	-	-	-	523	1,071	-	1,594	1,594	
Adjustment on revaluation	-	773	-	-	-	-	773	773	
Disposals	-	-	-	(522)	-	-	(522)	(522)	
At 31 March 2013	103,780	29,875	12,314	29,096	23,697	2,002	96,984	200,764	
Comprising:									
At cost	103,780	-	12,314	29,096	23,697	2,002	67,109	170,889	
At valuation	-	29,875	-	-	-	-	29,875	29,875	
	103,780	29,875	12,314	29,096	23,697	2,002	96,984	200,764	
Additions	-	-	-	238	133	39	410	410	
Adjustment on revaluation	-	2,958	-	-	-	-	2,958	2,958	
At 31 March 2014	103,780	32,833	12,314	29,334	23,830	2,041	100,352	204,132	
Comprising:									
At cost	103,780	-	12,314	29,334	23,830	2,041	67,519	171,299	
At valuation	-	32,833	-	-	-	-	32,833	32,833	
	103,780	32,833	12,314	29,334	23,830	2,041	100,352	204,132	
Additions	-	-	-	-	579	10	589	589	
Adjustment on revaluation	-	967	-	-	-	-	967	967	
Disposals	-	-	(2,446)	-	(6,865)	(651)	(9,962)	(9,962)	
At 31 March 2015	103,780	33,800	9,868	29,334	17,544	1,400	91,946	195,726	
Comprising:									
At cost	103,780	-	9,868	29,334	17,544	1,400	58,146	161,926	
At valuation	-	33,800	-	-	-	-	33,800	33,800	
	103,780	33,800	9,868	29,334	17,544	1,400	91,946	195,726	
Additions	-	-	-	-	1,446	10	1,456	1,456	
Adjustment on revaluation	-	2,618	-	-	-	-	2,618	2,618	
Disposals	-	-	-	-	(48)	-	(48)	(48)	
At 30 November 2015	103,780	36,418	9,868	29,334	18,942	1,410	95,972	199,752	
Comprising:									
At cost	103,780	-	9,868	29,334	18,942	1,410	59,554	163,334	
At valuation	-	36,418	-	-	-	-	36,418	36,418	
	103,780	36,418	9,868	29,334	18,942	1,410	95,972	199,752	
<b>DEPRECIATION AND IMPAIRMENT</b>									
At 1 April 2012	17,350	-	12,284	7,306	20,017	1,912	41,519	58,869	
Provided for the year	2,450	613	6	3,045	656	30	4,350	6,800	
Eliminated on revaluation	-	(613)	-	-	-	-	(613)	(613)	
Eliminated on disposals	-	-	-	(522)	-	-	(522)	(522)	
At 31 March 2013	19,800	-	12,290	9,829	20,673	1,942	44,734	64,534	
Provided for the year	2,450	615	12	3,093	563	32	4,315	6,765	
Eliminated on revaluation	-	(615)	-	-	-	-	(615)	(615)	
At 31 March 2014	22,250	-	12,302	12,922	21,236	1,974	48,434	70,684	
Provided for the year	2,450	616	12	2,967	637	26	4,258	6,708	
Eliminated on revaluation	-	(616)	-	-	-	-	(616)	(616)	
Eliminated on disposals	-	-	(2,446)	-	(5,396)	(651)	(8,493)	(8,493)	
At 31 March 2015	24,700	-	9,868	15,889	16,477	1,349	43,583	68,283	
Provided for the period	1,633	419	-	1,897	542	15	2,873	4,506	
Eliminated on revaluation	-	(419)	-	-	-	-	(419)	(419)	
Eliminated on disposals	-	-	-	-	(48)	-	(48)	(48)	
At 30 November 2015	26,333	-	9,868	17,786	16,971	1,364	45,989	72,322	
<b>CARRYING VALUES</b>									
At 31 March 2013	83,980	29,875	24	19,267	3,024	60	52,250	136,230	
At 31 March 2014	81,530	32,833	12	16,412	2,594	67	51,918	133,448	
At 31 March 2015	79,080	33,800	-	13,445	1,067	51	48,363	127,443	
At 30 November 2015	77,447	36,418	-	11,548	1,971	46	49,983	127,430	



The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining lease terms of land, ranging from 40 to 42 years
Buildings	The shorter of the remaining lease term of the land on which the buildings are situated, of 40 to 42 years
Leasehold improvements	The shorter of the remaining lease terms of land on which the buildings are situated, and 5 to 10 years
Motor vehicles and yacht	4 to 10 years
Office equipment	3 to 5 years
Furniture and fixtures	5 to 7 years

The buildings of the Group were valued as at 31 March 2013, 2014 and 2015 and 30 November 2015 by Messrs. RHL Appraisal Limited on an open market value basis. Messrs. RHL Appraisal Limited is not connected with the Group, and has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The registered address of Messrs. RHL Appraisal Limited is Room 1010, 10/F, Star House, Tsim Sha Tsui, Hong Kong.

In estimating the fair value of the buildings, the highest and best use of buildings is the current use.

One of the key inputs used in valuing the buildings is the unit sale rate ranging from approximately HK\$4,000 per square foot to HK\$24,000 per square foot, taking into account age, location and other individual factors such as size and levels of building. A decrease in the unit sale rate would result in decrease in fair value measurement of the buildings by the same percentage decrease and vice versa.

In estimating the fair value of the Group's buildings, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group engages third party qualified valuers to perform the valuation of the Group's buildings. At the end of each reporting period, the management of the Group work closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurement. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

Buildings are classified as Level 3 under fair value hierarchy as at 31 March 2013, 2014 and 2015 and 30 November 2015. There were no transfers into or out of Level 3 during the Relevant Periods.

The leasehold land and buildings are situated in Hong Kong with medium-term lease.

If the buildings had not been revalued, they would have been included in the Financial Information at historical cost less accumulated depreciation and accumulated impairment losses of HK\$20,003,000, HK\$19,412,000, HK\$18,819,000 and HK\$18,422,000 as at 31 March 2013, 2014 and 2015 and 30 November 2015 respectively.

The Group had pledged certain leasehold land and buildings to secure banking facilities granted to the Group during the Relevant Periods. Details of the pledge are set out in note 35.

## 19. INTANGIBLE ASSETS

	Trading rights in Hong Kong exchanges	Club memberships	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST			
At 1 April 2012, 31 March 2013, 31 March 2014 and 31 March 2015 and 30 November 2015 .....	5,850	6,701	12,551
IMPAIRMENT			
At 1 April 2012, 31 March 2013, 31 March 2014 and 31 March 2015 and 30 November 2015 .....	3,196	400	3,596
CARRYING VALUES			
At 31 March 2013 .....	<u>2,654</u>	<u>6,301</u>	<u>8,955</u>
At 31 March 2014 .....	<u>2,654</u>	<u>6,301</u>	<u>8,955</u>
At 31 March 2015 .....	<u>2,654</u>	<u>6,301</u>	<u>8,955</u>
At 30 November 2015 .....	<u>2,654</u>	<u>6,301</u>	<u>8,955</u>

The management of the Group determined that certain trading rights amounting to HK\$1,053,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 were no longer utilised to generate profits to the Group. For the purpose of impairment testing on these trading rights, the recoverable amount has been determined based on secondary market prices and no impairment was made as at 31 March 2013, 2014, 2015 and 30 November 2015. The recoverable amounts of other trading rights with carrying value of HK\$1,601,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 held by the Group have been determined with reference to the recoverable amounts based on a value-in-use calculation which was similar to impairment testing on goodwill. Particulars regarding impairment testing on the other trading rights are disclosed in note 20.

As at 31 March 2013, 2014, 2015 and 30 November 2015, intangible assets amounting to HK\$6,301,000 represent club memberships. For the purpose of impairment testing on club memberships, the recoverable amount has been determined based on the second-hand market price less cost of disposal. No impairment loss was recognised in the Relevant Periods with reference to the recoverable amount of the club memberships.

In the opinion of the directors of the Company, the trading rights and club memberships have indefinite useful lives.

## 20. IMPAIRMENT TESTING ON OTHER TRADING RIGHTS

Certain trading rights with indefinite useful lives set out in note 19 have been allocated to the broking CGU (see note 9 for details of segment information). The carrying amounts of certain trading rights amounting to HK\$1,601,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 are allocated to the unit.

The recoverable amounts of the broking CGU containing certain trading rights have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and at a discount rate of 12% and at zero growth rate as at 31 March 2013, 2014, 2015 and 30 November 2015. A key assumption for the value-in-use calculation is the zero growth rate, which is determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of the assumptions would not cause the aggregate recoverable amount of the broking CGU to fall below the aggregate carrying amount of the broking CGU.

## 21. OTHER ASSETS

Other assets represent statutory deposits with various exchanges and clearing houses and other deposits and are non-interest bearing.

## 22. ACCOUNTS RECEIVABLE

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
Accounts receivable arising from the business of dealing in securities:				
– Cash clients:				
– A fellow subsidiary . . . . .	–	4,354	–	–
– Other cash clients . . . . .	22,194	17,439	12,969	17,403
– Margin clients:				
– Directors and their close family members . . . . .	593	1,413	1,566	612
– Other margin clients . . . . .	1,426,090	1,761,229	2,996,931	3,560,157
– A broker . . . . .	–	–	629	1
– Hong Kong Securities Clearing Company Limited . . . . .	2	20,064	40,094	28,659
Accounts receivable from futures clearing house arising from the business of dealing in futures contracts . . . . .	9,968	4,141	5,234	5,254
	1,458,847	1,808,640	3,057,423	3,612,086
Less: Impairment allowance . . . . .	(15,965)	(17,615)	(14,602)	(17,386)
	<u>1,442,882</u>	<u>1,791,025</u>	<u>3,042,821</u>	<u>3,594,700</u>

The normal settlement terms of accounts receivable from cash clients, securities clearing house and a broker are two days after trade date while for accounts receivable from futures clearing house are one day after trade date.

Included in the accounts receivable from cash clients are debtors with a carrying amount of HK\$710,000, HK\$3,302,000, HK\$835,000 and HK\$348,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 respectively, which are past due at the end of each reporting period but which the directors of the Company consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled.

In respect of accounts receivable from cash clients which are past due but not impaired at the end of each reporting period, the ageing analysis (from settlement date) is as follows:

	As at 31 March			As at 30
	2013	2014	2015	November
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
0 – 30 days . . . . .	624	3,233	748	168
31 – 60 days . . . . .	86	69	67	165
Over 60 days . . . . .	–	–	20	15
	<u>710</u>	<u>3,302</u>	<u>835</u>	<u>348</u>

The accounts receivable from cash clients with a carrying amount of HK\$21,484,000, HK\$18,491,000, HK\$12,134,000 and HK\$17,055,000 are neither past due nor impaired as at 31 March 2013, 2014, 2015 and 30 November 2015, and the directors of the Company are of the opinion that the amounts are recoverable.

Loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$3,820,025,000, HK\$6,301,292,000, HK\$15,915,005,000 and HK\$17,865,252,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 respectively. Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at Hong Kong Prime Rate plus 2% to 4.25% per annum as at 31 March 2013, and Hong Kong Prime Rate plus 2% to 4.45% per annum as at 31 March 2014, 2015 and 30 November 2015 (and in some cases the rate may go up to 18% per annum). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

The Group has concentration of credit risk as 59%, 54%, 38% and 43% as at 31 March 2013, 2014, 2015 and 30 November 2015 respectively, of the total loans to securities margin clients was due from the Group's ten largest securities margin clients. The balance due from the ten largest securities margin clients includes an aggregate amount of HK\$841,408,000, HK\$953,922,000, HK\$1,149,865,000 and HK\$1,513,468,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 respectively, which is neither past due nor impaired, of which the whole amount is secured by clients' pledged securities with an aggregate fair value of HK\$2,133,041,000, HK\$3,180,736,000, HK\$7,132,851,000 and HK\$5,791,498,000 at the end of each reporting period respectively. The Group believes that the amount is considered recoverable given the collateral is sufficient to cover the entire balance on individual basis. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

As at 31 March 2013, 2014, 2015 and 30 November 2015, included in the Group's accounts receivable are margin loans with an aggregate outstanding balance of HK\$32,437,000, HK\$40,467,000, HK\$35,815,000 and HK\$29,376,000 respectively which are not fully secured. The Group has no significant concentration of credit risk on these loans as at 31 March 2013, 2014, 2015 and 30 November 2015, with exposure spread over a number of clients, and which are closely monitored by the Group. The Group held collateral of listed equity securities with a fair value of HK\$17,055,000, HK\$11,710,000, HK\$14,597,000 and HK\$7,760,000 at the end of each reporting period in respect of these loans. As at 31 March 2013, 2014, 2015 and 30 November 2015, impairment allowance of HK\$15,965,000, HK\$17,615,000, HK\$14,602,000 and HK\$17,386,000 respectively has been made for margin loans with an aggregate outstanding balance of HK\$26,567,000, HK\$25,832,000, HK\$19,475,000 and HK\$22,377,000 respectively. No further impairment allowance is considered necessary for the remaining margin loans based on the Group's evaluation of their collectability.

In determining the allowances for impaired loans to securities margin clients, the management of the Group considers the margin shortfall by comparing the market value of stock portfolio and the outstanding balance of loan to securities margin clients individually. Impairment allowances are made for those clients with margin shortfall at the end of each reporting period and with no settlement after the end of each reporting period.

Movements in the allowances for impaired debts in respect of loans to securities margin clients are as follows:

	As at 31 March			As at
	2013	2014	2015	30 November
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
Balance at beginning of the year/period . . . . .	15,937	15,965	17,615	14,602
Net charge (reversal) for the year/period . . . . .	755	1,657	(3,013)	3,129
Write-off . . . . .	(727)	(7)	–	(345)
Balance at end of the year/period	<u>15,965</u>	<u>17,615</u>	<u>14,602</u>	<u>17,386</u>

In addition to the individually assessed allowances for impaired debts, the Group has also assessed, on a collective basis, a loan impairment allowance for accounts receivable arising from the business of dealing in securities with margin clients that are individually insignificant or accounts receivable where no impairment has been identified individually. Objective evidence of collective impairment could include the Group's past experience of collecting payments, internal credit rating and observable changes in national or local economic conditions that correlate with default on receivables. No collective impairment allowance is considered necessary based on the Group's evaluation.

Included in accounts receivable from margin clients arising from the business of dealing in securities are amounts due from certain related parties. The details are as follows:

Name	Maximum amount outstanding during the year ended		Maximum amount outstanding during the year ended		Maximum amount outstanding during the year ended		Maximum amount outstanding during the period ended	
	Balance at 31 March 2013	Balance at 31 March 2013	Balance at 31 March 2014	Balance at 31 March 2014	Balance at 31 March 2015	Balance at 31 March 2015	Balance at 30 November 2015	Balance at 30 November 2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Lung Hon Lui (Director of the immediate holding company) and close family members . . . . .	593	5,332	260	601	129	1,123	-	356
Mr. Ho Kwok Kwan (Former key management personnel of the Group who passed away on 20 October 2015) and close family members . . . . .	570	570	354	462	406	517	247	1,015
Mr. Hung Hon Man (Director of the Company) and close family members . . . . .	-	3,337	569	569	796	2,576	-	2,514
Mr. Hung Sui Kwan (Director of the Company) and close family members . . . . .	-	2,505	584	594	641	641	532	1,458
Mr. Kam Leung Ming (Director of the Company) and close family members . . . . .	-	-	-	-	-	-	80	246
	<u>593</u>	<u>5,332</u>	<u>260</u>	<u>601</u>	<u>129</u>	<u>1,123</u>	<u>80</u>	<u>356</u>

The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other margin clients.

### 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group	As at 31 March			As at 30 November
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepayments . . . . .	478	459	543	689
Deferred listing expenses . . . . .	-	-	-	2,135
Other deposits . . . . .	1,204	759	754	1,244
Other receivables . . . . .	250	527	54	99
	<u>1,932</u>	<u>1,745</u>	<u>1,351</u>	<u>4,167</u>
<b>The Company</b>				
Deferred listing expenses . . . . .	-	-	-	2,135
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,135</u>

### 24. AMOUNTS DUE FROM/TO THE ULTIMATE HOLDING COMPANY/A FELLOW SUBSIDIARY

The balances are non-trade in nature, unsecured, interest free with no fixed terms of repayment. The directors of the Company represent that the amounts due from/to the ultimate holding company will be settled prior to the Listing.

### 25. FINANCIAL ASSETS HELD FOR TRADING

Held for trading:	As at 31 March			As at 30 November
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities listed in Hong Kong – at fair value . . .	136	115	191	24
	<u>136</u>	<u>115</u>	<u>191</u>	<u>24</u>

**26. BANK BALANCES – CLIENT ACCOUNTS**

The Group receives and holds money deposited by clients and other institutions during the course of conducting its regulated activities in its ordinary course of business. Such clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions.

**27. BANK BALANCES – GENERAL ACCOUNTS AND CASH**

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0% to 0.7% per annum as at 31 March 2013 and 30 November 2015 and from 0% to 1.2% per annum as at 31 March 2014 and 2015 respectively, with an original maturity of three months or less.

**28. ACCOUNTS PAYABLE**

	As at 31 March			As at
	2013	2014	2015	30 November 2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable arising from the business of dealing in securities:				
– Cash clients . . . . .	111,328	103,714	144,913	89,250
– Margin clients . . . . .	113,681	744,751	114,193	255,399
– Clearing houses . . . . .	50,278	–	1,219	33,983
– A broker . . . . .	–	3,808	84	20
– A placing principal . . . . .	–	–	–	67,605
Accounts payable to clients arising from the business of dealing in futures contracts . . . . .	18,112	9,289	17,795	10,230
	<u>293,399</u>	<u>861,562</u>	<u>278,204</u>	<u>456,487</u>

The normal settlement terms of accounts payable to cash clients, securities clearing houses, a broker and a placing principal are two days after trade date. The normal settlement terms of accounts payable to clients arising from the business of dealing in futures contracts are one day after trade date. The ageing of these balances is within 30 days.

Amounts due to securities margin clients are repayable on demand and carry interest at 0.25% per annum as at the end of each reporting period. No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

As at 31 March 2013, 2014, 2015 and 30 November 2015, included in accounts payable to margin clients arising from the business of dealing in securities, are amounts due to directors of the Company, directors and key management personnel of Get Nice and their close family members of HK\$107,000, HK\$1,132,000, HK\$280,000 and HK\$2,610,000 respectively.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand. No ageing analysis is disclosed as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of futures contract dealing.

**29. ACCRUED CHARGES AND OTHER PAYABLES**

	As at 31 March			As at
	2013	2014	2015	30 November 2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accruals . . . . .	3,292	2,804	2,727	2,039
Other payables . . . . .	2,027	2,842	2,362	2,965
	<u>5,319</u>	<u>5,646</u>	<u>5,089</u>	<u>5,004</u>

## 30. BANK BORROWINGS

	As at 31 March			As at
	2013	2014	2015	30 November
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
Secured				
Variable rate borrowings	–	–	20,000	–
Fixed rate borrowings	–	–	188,490	–
	–	–	208,490	–
Within one year	–	–	208,490	–

The interest rates of the Group's borrowings as at 31 March 2015 ranged from 0.95% to HIBOR + 1.85%.

As at 31 March 2013, 2014, 2015 and 30 November 2015, the Group obtained banking facilities totalling HK\$490,000,000, HK\$450,000,000, HK\$728,490,000 and HK\$580,000,000 respectively. These banking facilities were secured by charges over clients' pledged securities and certain of the Group's properties and by corporate guarantees issued by the Company's immediate and ultimate holding company, Get Nice. Details of the Group's pledged assets are disclosed in note 35.

As at 31 March 2013, 2014, 2015 and 30 November 2015, the Group had undrawn amounts under these banking facilities of HK\$490,000,000, HK\$450,000,000, HK\$520,000,000 and HK\$580,000,000 respectively.

## 31. DEFERRED TAX

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the Relevant Periods.

	Accelerated tax depreciation	Revaluation of properties	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	188	334	522
Charge (credit) to profit or loss for the year (note 15)	289	(20)	269
Charge to other comprehensive income for the year	–	229	229
At 31 March 2013	477	543	1,020
Charge (credit) to profit or loss for the year (note 15)	34	(20)	14
Charge to other comprehensive income for the year	–	590	590
At 31 March 2014	511	1,113	1,624
Charge (credit) to profit or loss for the year (note 15)	348	(20)	328
Charge to other comprehensive income for the year	–	261	261
At 31 March 2015	859	1,354	2,213
Charge (credit) to profit or loss for the period (note 15)	–	–	–
Charge to other comprehensive income for the period	–	501	501
At 30 November 2015	859	1,855	2,714



As at 31 March 2013, 2014, 2015 and 30 November 2015, the Group had estimated unutilised tax losses of approximately HK\$20,501,000, HK\$22,512,000, HK\$23,101,000 and HK\$25,022,000 available to offset against future profits. The tax losses have not been recognised due to uncertainty of future profit streams. The losses may be carried forward indefinitely.

The following is the analysis of the deferred tax (assets) liabilities for financial reporting purposes:

	As at 31 March			As at
	2013	2014	2015	30 November
	HK\$'000	HK\$'000	HK\$'000	2015
Deferred tax assets . . . . .	(424)	(457)	(176)	(176)
Deferred tax liabilities . . . . .	1,444	2,081	2,389	2,890
	1,020	1,624	2,213	2,714

### 32. SHARE CAPITAL

The Company was incorporated on 31 August 2015 and therefore there was no issued share capital shown in the combined statements of financial position as at 31 March 2013, 2014, 2015. Upon incorporation, the authorised capital is 38,000,000 shares of HK\$0.01 each, and 1 nil-paid share was issued.

### 33. RETIREMENT BENEFITS SCHEME

The Group has operated a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income. The contributions, amounting HK\$368,000, HK\$408,000, HK\$354,000, HK\$325,000 (unaudited) and HK\$336,000 for each of the three years ended 31 March 2013, 2014, 2015 and the eight months ended 30 November 2014 and 2015 respectively, are charged to the combined statements of profit or loss and other comprehensive income as incurred.

### 34. LEASE COMMITMENTS

#### The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of berth which fall due as follows:

	As at 31 March			As at
	2013	2014	2015	30 November
	HK\$'000	HK\$'000	HK\$'000	2015
Within one year . . . . .	51	72	72	72

Operating lease payments represent rentals payable by the Group for certain of its berth. Leases are negotiated for a term of one year and rentals are fixed for one year.

## 35. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure banking facilities granted to Get Nice:

	As at 31 March			As at
	2013	2014	2015	30 November
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
Hong Kong				
Leasehold land . . . . .	83,980	81,530	79,080	77,447
Building . . . . .	28,733	31,366	32,235	35,028
	<u>112,713</u>	<u>112,896</u>	<u>111,315</u>	<u>112,475</u>

In addition, the Group's banking facilities are also secured by charges over clients' pledged securities of fair value of approximately HK\$460,545,000, HK\$612,786,000, HK\$1,483,068,000 and HK\$934,352,000 as at 31 March 2013, 2014, 2015 and 30 November 2015 and corporate guarantees issued by Get Nice. The directors of the Company represent that the corporate guarantees issued by Get Nice will be released prior to Listing.

## 36. RELATED PARTY TRANSACTIONS

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 transaction	Year ended 31 March			Eight months ended 30 November	
		2013	2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(Unaudited)
<i>Directors of the Company</i>						
<i>and their close family members</i>						
Messrs. Hung Hon Man, Shum Kin Wai, Frankie, Hung Sui Kwan, Kam Leung Ming and their close family members	Commission income (note i)	38	8	86	22	958
<i>Directors and key management personnel of</i>						
<i>Get Nice and their close family members</i>						
Messrs. Cham Wai Ho, Anthony, Cheng Wai Ho, Lung Hon Lui, Ho Kwok Kwan (note vi), Ng Hon Sau, Larry and their close family members	Commission income (note i)	200	99	29	20	231
<i>Directors of the Company</i>						
<i>and their close family members</i>						
Messrs. Hung Hon Man, Hung Sui Kwan, Kam Leung Ming and their close family members	Interest income (note ii)	138	59	73	44	86
<i>Directors and key management personnel of</i>						
<i>Get Nice and their close family members</i>						
Messrs. Lung Hon Lui, Ho Kwok Kwan (note vi), Cham Wai Ho, Anthony, Ng Hon Sau, Larry and their close family members	Interest income (note ii)	83	59	34	21	33
Get Nice	Management fee expense (note iii)	6,480	6,440	6,360	4,240	4,120
Get Nice	Underwriting commission income (note v)	-	-	-	-	4,384

## Notes:

- (i) Commission was charged at rates ranging from 0.1% to 0.15% on the total value of transactions.
- (ii) Interest was charged at fixed rates ranging from 7.236% to 9.252% on the outstanding balance of margin loans.
- (iii) Management fee was charged by the Company's immediate and ultimate holding company for overhead and administrative expenses incurred.
- (iv) During the Relevant Periods, the Group provided broking services to Prime Pacific Investments Limited, a fellow subsidiary of the Group, free of charge.
- (v) Underwriting commission was earned from Get Nice for underwriting services provided.
- (vi) Mr. Ho Kwok Kwan, being the former key management personnel of the Group, passed away on 20 October 2015.

**Compensation of key management personnel**

The remuneration of directors and other members of key management during the Relevant Periods was as follows:

	Year ended 31 March			Eight months ended 30 November	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short-term employee benefits . . . . .	2,925	3,624	3,821	1,961	5,227
Post-employment benefits . . . . .	79	77	81	48	52
	<u>3,004</u>	<u>3,701</u>	<u>3,902</u>	<u>2,009</u>	<u>5,279</u>

The remuneration of directors and other members of key management is determined by the performance of individuals and market trends.

**II. SUBSEQUENT EVENTS**

On 16 March 2016:

- the Company issued 9,999,999 shares of HK\$0.01 each to Get Nice as part of the Group Reorganisation;
- the sole shareholder passed the resolutions that subject to the global offering becoming unconditional in all respects, the directors of the Company were authorised to allot and issue a total of 1,982,445,519 shares of HK\$0.01 each credited as fully paid at par to Get Nice by way of capitalisation of certain loan amount owing by the Group to Get Nice and the shares to be allotted and issued pursuant to the resolutions shall rank pari passu in all respects with the existing issued shares; and
- a share option scheme has been approved by the board of directors of the Company. Details of the share option scheme are set out in section headed Share Option Scheme of the Prospectus. No share option has been granted up to the date of this report.

**III. DIRECTORS' REMUNERATION**

Under the arrangement currently in force, the aggregate amount of remunerations payable to the Company's directors for the year ending 31 March 2016, excluding discretionary bonus, is estimated to be approximately HK\$888,000.

**IV. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Group in respect of any period subsequent to 30 November 2015.

Yours faithfully,

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong

## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for the years ended 31 March 2013, 2014 and 2015 and the eight months ended 30 November 2015 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma financial information is prepared in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, and is set out here to provide investors with further information about how the Global Offering might have affected the combined net tangible assets of the Group after completion of the Global Offering as if the Global Offering had taken place on 30 November 2015. Prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial position as at 30 November 2015 or at any future date.

The following is an unaudited pro forma statement of adjusted combined net tangible assets of the Group which is prepared based on the audited combined net assets of the Group as at 30 November 2015 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted combined net tangible assets of the 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 the Group following the Global Offering.

	Audited combined net tangible assets of the Group as at 30 November 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted combined net tangible assets of the Group	Unaudited pro forma adjusted combined net tangible assets of the Group per Share
	<i>HK\$('000)</i> <i>Note 1</i>	<i>HK\$('000)</i> <i>Note 2</i>	<i>HK\$('000)</i>	<i>HK\$</i> <i>Note 3</i>
Based on an offer price of HK\$1.40 per Share . . . . .	1,438,763	683,112	2,121,875	4.10
Based on the offer price of HK\$1.00 per Share . . . . .	1,438,763	484,251	1,923,014	3.72

## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

*Notes:*

- (1) The audited combined net tangible assets of the Group as at 30 November 2015 is based on the combined net assets of the Group of HK\$1,447,718,000 as at 30 November 2015 less the intangible assets of the Group of HK\$8,955,000 as at 30 November 2015, as extracted from the Accountants' Report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on 507,554,481 Shares to be issued at an offer price of HK\$1.40 and HK\$1.00 per Share respectively, after deduction of the estimated underwriting fees and related expenses expected to be incurred by the Group subsequent to 30 November 2015 and does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to the Company's general mandate.
- (3) The unaudited pro forma adjusted combined net tangible assets of the Group per Share is arrived at after making the adjustments referred to in note (2) above and on the basis of 517,554,481 Shares in total, taking into account that 10,000,000 Shares currently in issue and assuming that 507,554,481 Shares to be issued pursuant to the Global Offering had been completed on 30 November 2015. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.
- (4) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group as at 30 November 2015 to reflect any trading result or other transactions of the Group entered into subsequent to 30 November 2015. In particular, the unaudited pro forma adjusted combined net tangible assets on the table above have not been adjusted to show the effect of the settlement of the amounts due to the ultimate holding company (the "Settlement") as detailed below.

Subsequent to 30 November 2015, as part of the Reorganisation, the amounts due to the ultimate holding company immediately prior to listing will be settled by (i) cash of HK\$1,000 million, (ii) set off by the whole amounts due from the ultimate holding company at the same date, and (iii) the remaining balance by the issuance of 1,982,445,519 shares of the Company.

As at 30 November 2015, the amounts due from the ultimate holding company amounted to HK\$154,990,000 and the amounts due to the ultimate holding company amounted to HK\$2,429,611,000. Had the Settlement been completed on 30 November 2015, approximately HK\$1,274,621,000 will be settled by way of issuance of 1,982,445,519 shares of the Company prior to listing and the unaudited pro forma adjusted combined net tangible assets of the Group would increase from HK\$2,121,875,000 to HK\$3,396,496,000 based on an offer price of HK\$1.40 per share, or from HK\$1,923,014,000 to HK\$3,197,635,000 based on an offer price of HK\$1.00 per share. The following table illustrates the impact of Global Offering and the Settlement on the pro forma financial information.

	<b>Unaudited pro forma adjusted combined net tangible assets of the Group taking into account of Global Offering and the Settlement</b>	<b>Unaudited pro forma adjusted combined net tangible assets of the Group per share taking into account of Global Offering and the Settlement</b>
	<i>HK\$'000</i>	<i>HK\$ (note i)</i>
Based on an offer price of HK\$1.40 per share .....	3,396,496	1.36
Based on an offer price of HK\$1.00 per share .....	3,197,635	1.28

- (i) The number of shares used for calculating the unaudited pro forma adjusted combined net tangible of the Group per share after taking into account of Global Offering and the Settlement is based on 2,500,000,000 shares in issue immediately after Global Offering. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under Share Option Scheme, the exercise of the Over-allotment Option, or any Shares which may be issued or repurchased pursuant to our Company's general mandate.

**B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Get Nice Financial Group Limited**

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Get Nice Financial Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group as at 30 November 2015 and related notes as set out in section A of Appendix II to the prospectus issued by the Company dated 24 March 2016 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering on the Group's financial position as at 30 November 2015 as if the event had taken place at 30 November 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended 31 March 2015 and the eight months ended 30 November 2015, on which an accountants' report set out in Appendix I to the Prospectus has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular 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 30 November 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the 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 unaudited 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’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong

24 March 2016

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 31 August 2015 under the Companies Law. Our Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and the Amended and Restated Articles of Association ("**Articles**").

## **1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum provides, *inter alia*, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

## **2. ARTICLES OF ASSOCIATION**

The Articles were adopted on 16 March 2016. The following is a summary of certain provisions of the Articles:

### **(a) Shares**

#### *(i) Classes of shares*

The share capital of our Company consists of ordinary shares.

#### *(ii) Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of our Company shall be issued under the seal of our Company, and shall be signed autographically by one Director and the Secretary, or by two Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of our Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of our Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. Our Company shall not be bound to register more than four persons as joint holders of any share.

**(b) Directors***(i) Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of our Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and our Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

*(ii) Power to dispose of the assets of our Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

*(iii) Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

*(iv) Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

Our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

*(v) Disclosure of interest in contracts with our Company or with any of its subsidiaries*

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to our Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of our Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of our Company or 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 generally accorded to the class of persons to which such scheme or fund relates; or
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company.

(vi) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company performs services which in the opinion of our Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as our Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of our Company or with which our Company is associated in business), or may make contributions out of our Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vii) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgement of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to our Company may be given must be at least seven days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office or head office of our Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and our Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.



From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

*(viii) Borrowing powers*

Pursuant to the Articles, the Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of our Company.

*(ix) Register of Directors and officers*

Pursuant to the Companies Law, our Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

*(x) Proceedings of the Board*

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

**(c) Alterations to the constitutional documents**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed by our Company by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned

meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e) Alteration of capital**

Our Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

**(f) Special resolution - majority required**

In accordance with the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

**(g) Voting rights (generally and on a poll) and right to demand a poll**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share, on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- (i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in our Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

**(h) Annual general meetings**

Our Company must hold an annual general meeting each year other than the year of our Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by our Board.

**(i) Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of our Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of our Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), our Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by our Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of our Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**(j) Notices of meetings and business to be conducted thereat**

An annual general meeting of our Company must be called by at least 21 days' notice in writing, and a general meeting of our Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in our Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by our Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all the members of our Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors;
- (ee) the fixing of the remuneration of the Directors and of the auditors;

- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of our Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by our Company since the granting of such mandate; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities in our Company.

**(k) Transfer of shares**

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of our Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to our Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).



The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

**(l) Power of our Company to purchase its own shares**

Our 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 our Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

**(m) Power of any subsidiary of our Company to own shares in our Company**

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

**(n) Dividends and other methods of distribution**

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where the Board or our Company in general meeting has resolved that a dividend should be paid or declared on the share capital of our Company, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.



Upon the recommendation of the Board, our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of our Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(o) Proxies**

Any member of our Company entitled to attend and vote at a meeting of our 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 our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise.

In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

**(p) Calls on shares and forfeiture of shares**

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(q) Inspection of corporate records**

Members of our Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. However, the members of our Company will have such rights as may be set out in the Articles. The Articles provide that for so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if our Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

**(r) Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

**(s) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(t) Procedures on liquidation**

A resolution that our 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 our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that our Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(u) Untraceable members**

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, our Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and three months period (being the three months' notice period referred to in sub-paragraph (iii)), our Company has not during that time received any indication of the existence of the member; and
- (iii) our Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

**(v) Subscription rights reserve**

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

**3. CAYMAN ISLANDS COMPANY LAW**

Our Company was incorporated in the Cayman Islands as an exempted company on 31 August 2015 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

As an exempted company, our Company must conduct its operations mainly outside the Cayman Islands. Moreover, our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

**(b) Share capital**

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by our Company subject to the provisions, if any, of its memorandum and articles of association, in such manner as our Company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of our Company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of our Company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of our Company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of our Company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of our Company. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of our Company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of our Company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of our Company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of our Company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, our Company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to our Company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of our Company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) our Company is authorised in accordance with our Company's articles of association or by a resolution of the directors to hold such shares in the name of our Company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.



**(e) Dividends and distributions**

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of our Company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made to our Company, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of our Company to challenge:

- (i) an act which is ultra vires our Company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of our Company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of our Company in issue, appoint an inspector to examine the affairs of our Company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that our Company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, however the directors have certain duties of care, diligence and skill and also fiduciary duties to act in good faith, for proper purpose and in the best interests of our Company under English common law (which the Cayman Islands courts will ordinarily follow).



**(h) Accounting and auditing requirements**

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by our Company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by our Company and (iii) the assets and liabilities of our Company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of our Company's affairs and to explain its transactions.

If our Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our Company:
  - (aa) on or in respect of the shares, debentures or other obligations of our Company; or
  - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for our Company is for a period of twenty years from 15 September 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of our Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles of Association.

**(n) Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as our Company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

**(o) Winding up**

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where our Company so resolves by special resolution that it be wound up voluntarily, or, where our Company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of our Company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that our Company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as our Company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of our Company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of our Company has been disposed of, and thereupon call a general meeting of our Company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) our Company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of our Company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that our Company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon our Company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of our Company shall be in the custody of the court.

#### **(p) Reconstructions**

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

#### **(q) Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

**(r) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4. GENERAL**

Appleby, our Company's legal adviser on Cayman Islands law, has sent to our Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

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

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 31 August 2015. Our Company has established a place of business in Hong Kong at 10/F., Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 6 November 2015. Loong & Yeung of Suites 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Cayman Islands law and to our constitution, which comprises the Memorandum and the Articles. A summary of various provisions of our 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 of our Company, the authorised share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One Share was allotted and issued nil-paid to the subscriber on 31 August 2015, which was subsequently transferred to GN Holdings on the same date.
- (b) On 16 March 2016, the then sole Shareholder, GN Holdings, resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$100,000,000 by creation of an additional of 9,962,000,000 Shares, each ranking pari passu with our Shares then in issue in all respects.
- (c) Immediately following completion of the Global Offering and the Loan Capitalisation Issue, and taking no account any Share which may be issued pursuant to the exercise of the option which may be granted under the Share Option Scheme, 2,500,000,000 Shares will be issued fully paid or credited as fully paid, and 7,500,000,000 Shares will be remain unissued.
- (d) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of our sole Shareholder passed on 16 March 2016" in this appendix and the Shares which may be issued pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (e) Save as disclosed in the section headed "Share Capital" in this prospectus and in this paragraph headed "Changes in share capital of our Company", there has been no alteration in our Company's share capital since our incorporation.

**3. Written resolutions of our sole Shareholder passed on 16 March 2016**

On 16 March 2016, resolutions in writing were passed by our sole Shareholder pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix III to this prospectus;

- (b) conditional on the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus, including any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Over-allotment Option, and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
- (i) the Global Offering was approved and our Directors were authorised to allot and issue the Shares pursuant to the Global Offering on and subject to the terms and conditions thereof as set out in this prospectus 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 paragraph headed "Share Option Scheme" of this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion, 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 our 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) the Over-allotment Option was approved and our Directors were authorised to allot and issue our Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option to rank *pari passu* with the then existing Shares in all respects; and
  - (iv) the Loan Capitalisation Issue was approved and our Directors were authorised to allot and issue Shares pursuant to the Loan Capitalisation Issue;
- (c) 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 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 in lieu of the whole or part of a dividend on our Shares or similar arrangement in accordance with the Memorandum and the Articles or pursuant to a specific authority granted by our Shareholders in general meetings or pursuant to the Global Offering, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such 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 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 Loan Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, and such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

- (d) 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 Loan Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option, and such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (e) the general unconditional mandate mentioned in sub-paragraph (c) 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 (d) 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 Loan Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option.

#### **4. Corporate Reorganisation**

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group. For information with regard to the Reorganisation, please refer to the section headed "History, Reorganisation and Development" in this prospectus.

#### **5. Changes in share capital of subsidiaries**

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save for the alterations described in the section headed "History, Reorganisation and Development" in this prospectus, no changes in the share capital of the subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus.

#### **6. Repurchase of our Shares by our Company**

This section includes information required by the Stock Exchange to be included in the prospectus concerning the repurchase of our Shares by our Company.

##### **(a) Provisions of the Listing Rules**

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



(i) *Shareholders' approval*

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

*Note: Pursuant to the written resolutions of our sole Shareholder passed on 16 March 2016, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorising our Directors to exercise all powers of our Company to purchase on the Stock Exchange or 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 representing up to 10% of the aggregate of the nominal value of the share capital in issue immediately following completion of the Global Offering but excluding any Share which may fall to be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or the Over-allotment Option and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held, or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.*

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) *Connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

**(b) Reasons for repurchases**

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

**(c) Exercise of the Repurchase Mandate**

Exercise in full of the Repurchase Mandate, on the basis of 2,500,000,000 Shares in issue after completion of the Global Offering, could accordingly result in up to 250,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

**(d) Funding of repurchase**

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

**(e) General**

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of 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 purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

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

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

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

- (a) an instrument of transfer dated 16 March 2016 entered into between Steppington and Get Nice Entertainment in respect of the transfer of 80 shares in Get Nice International from Steppington to Get Nice Entertainment;
- (b) bought and sold notes dated 16 March 2016 executed by Steppington and Get Nice Entertainment for the transfer to 80 shares in Get Nice International as referred to item (a) above;
- (c) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and GN Holdings in respect of the transfer of one share in Treasure Advantage from Get Nice Incorporated to GN Holdings;
- (d) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and Joyful Villa in respect of the transfer of 8,999 shares in Quality Champion from Get Nice Incorporated to Joyful Villa;
- (e) an instrument of transfer dated 16 March 2016 entered into between Mr. Hung Hon Man and Joyful Villa in respect of the transfer of one share in Quality Champion from Mr. Hung Hon Man to Joyful Villa;
- (f) bought and sold notes dated 16 March 2016 executed by Get Nice Incorporated and Joyful Villa for the transfer of an aggregate of 9,000 shares in Quality Champion as referred to items (d) and (e) above;
- (g) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and Treasure Advantage in respect of the transfer of one share in Prime Pacific from Get Nice Incorporated to Treasure Advantage;
- (h) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and Treasure Advantage in respect of the transfer of one share in Dragon Rainbow from Get Nice Incorporated to Treasure Advantage;
- (i) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and Treasure Advantage in respect of the transfer of one share in Group Success from Get Nice Incorporated to Treasure Advantage;
- (j) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and Treasure Advantage in respect of the transfer of one share in Better Dynamic from Get Nice Incorporated to Treasure Advantage;
- (k) an instrument of transfer dated 16 March 2016 entered into between Get Nice Incorporated and Treasure Advantage in respect of the transfer of one share in Get Nice Finance from Get Nice Incorporated to Treasure Advantage;
- (l) an instrument of transfer dated 16 March 2016 entered into between Mr. Hung Hon Man and Treasure Advantage in respect of the transfer of one share in Get Nice Finance from Mr. Hung Hon Man to Treasure Advantage;

- (m) bought and sold notes dated 16 March 2016 executed by Get Nice Incorporated and Treasure Advantage for the transfer of an aggregate of two shares in Get Nice Finance as referred to items (k) and (l) above;
- (n) an instrument of transfer dated 16 March 2016 entered into between Get Nice Development and Steppington in respect of the transfer of one share in Get Nice Investment from Get Nice Development to Steppington;
- (o) bought and sold notes dated 16 March 2016 executed by Get Nice Development and Steppington for the transfer of one share in Get Nice Investment as referred to item (n) above;
- (p) a sale and purchase agreement entered into among our Company, GN Holdings and Mr. Hung Hon Man dated 16 March 2016 in respect of the transfer of 1,000,000 shares in Steppington and 10,000 shares in Get Nice Incorporated to our Company;
- (q) an instrument of transfer dated 16 March 2016 entered into between our Company and GN Holdings in respect of the transfer of 1,000,000 shares in Steppington from GN Holdings to our Company;
- (r) an instrument of transfer dated 16 March 2016 entered into between our Company and GN Holdings in respect of the transfer of 10,000 shares in Get Nice Incorporated from GN Holdings to our Company;
- (s) a Deed of Indemnity dated 16 March 2016 and executed by our Controlling Shareholder in favour of our Company (for itself and on behalf of its subsidiaries) containing indemnities referred to in the paragraph headed "Tax and other indemnities" in this appendix;
- (t) a Deed of Non-competition dated 16 March 2016 and executed by our Controlling Shareholder in favour of our Company (for itself and on behalf of its subsidiaries), details of which are set out the section headed "Relationship with Controlling Shareholder – Non-competition Undertaking" in this prospectus; and
- (u) the Hong Kong Underwriting Agreement.

## 2. Intellectual Property Rights of our Group

### (a) Trademarks

As at the Latest Practicable Date, our Group had not applied for registration of or registered any trademark.

### (b) Domain Names

As at the Latest Practicable Date, our Group was the registered owner of the following domain name which, as considered by our Directors, is material to the business of our Group:

<u>Domain name</u>	<u>Registration date</u>	<u>Expiry date</u>
www.getnicefg.com.hk	9 September 2015	11 September 2016

The information contained on our websites does not constitute part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS**

**1. Disclosure of Interests**

**(a) Interests of Directors and chief executives in the Shares, underlying Shares and debentures of our Company and its associated corporations**

Immediately following completion of the Distribution, Global Offering and Loan Capitalisation Issue without taking into account (i) the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, (ii) any Shares which may be allotted and issued by the exercise of the options that may be granted under the Share Option Scheme, and (iii) any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date, 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 our Shares are listed on the Stock Exchange, 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 Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange, will be as follows:

*(i) Long position in our Shares*

<u>Name of Director</u>	<u>Capacity/Nature</u>	<u>Number of Shares held/ interested</u>	<u>Approximately percentage of interest</u>
Mr. Hung Hon Man	Interest of a controlled corporation <i>(Note 1)</i>	50,309,829	2.01%

*(ii) Long position in the ordinary shares of associated corporation*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity/ Nature</u>	<u>Number of shares held/ interested</u>	<u>Approximately percentage of interest</u>
Mr. Hung Hon Man	GN Holdings	Interest of a controlled corporation <i>(Note 2)</i>	2,013,027,874	29.99%

*Notes:*

- Mr. Hung Hon Man, being our non-executive Director and the chairman of our Board, holds the entire interest in Honeylink Agents Limited. As such, Mr. Hung Hon Man is deemed, or taken to be interested in all the Shares held by Honeylink Agents Limited for the purpose of the SFO. Mr. Hung Hon Man is a director of Honeylink Agents Limited.*
- Mr. Hung Hon Man, being our non-executive Director and the chairman of our Board, holds the entire interest in Honeylink Agents Limited. As such, Mr. Hung Hon Man is deemed, or taken to be interested in all GN Shares held by Honeylink Agents Limited for the purpose of the SFO. Mr. Hung Hon Man is a director of Honeylink Agents Limited.*

(iii) Long position in the non-voting deferred shares of HK\$1.0 each of Get Nice Securities, our wholly-owned subsidiary

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity/Nature</u>	<u>Number of non-voting deferred shares held (Note)</u>	<u>Percentage of the issued non-voting deferred shares</u>
Mr. Hung Hon Man	Get Nice Securities	Beneficial owner	36,000,000	90%
Mr. Shum Kin Wai, Frankie	Get Nice Securities	Beneficial owner	4,000,000	10%

Note:

The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of Get Nice Securities and on liquidation, the assets of Get Nice Securities available for distribution among the holders of ordinary shares and the holders of non-voting deferred shares shall be applied first in paying to the holders of ordinary shares the sum of HK\$1,000,000,000,000 per ordinary share and secondly in repaying to the holders of non-voting deferred shares the nominal amount paid up or credited as paid up on such shares, and the balances of the Get Nice Securities assets shall belong to and be distributed among the holders of ordinary shares in proportion to the amount paid up or credited as paid up on such ordinary shares respectively.

#### (b) Interests of substantial Shareholders in the Shares and underlying Shares

So far as is known to our Directors, the following persons (not being a Director or chief executive of our Company) will, immediately following completion of the Distribution, Global Offering and Loan Capitalisation Issue without taking into account (i) the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, (ii) any Shares which may be allotted and issued by the exercise of the options that may be granted under the Share Option Scheme, and (iii) any change to the capital structure of GN Holdings between the Latest Practicable Date and the Record Date, 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/interested in</u>	<u>Approximately percentage of interest</u>
GN Holdings	Beneficial owner	1,824,690,171	72.99%

## 2. Particulars of service contracts

No Director has entered into any service agreement 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)).

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of one year commencing from the Listing Date. Each of the independent non-executive Directors is entitled to their respective annual fees set out below. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

## 3. Directors' remuneration

- (a) During the Track Record Period, the remuneration (including salaries and allowances, discretionary bonus, contribution to pension scheme) of Mr. Hung Hon Man, Mr. Shum Kin Wai, Frankie, Mr. Kam Leung Ming and Mr. Hung Sui Kwan, other than commission, was borne by GN Holdings and the commissions paid to these Directors by us for each of the years ended 31 March 2013, 2014 and 2015 and for the eight months ended 30 November 2015 were approximately HK\$98,000, HK\$177,000, HK\$387,000 and HK\$775,000, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2016 will be approximately HK\$888,000.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

<u>Executive Directors</u>	<u>HK\$</u>
Mr. Shum Kin Wai, Frankie . . . . .	455,000
Mr. Hung Sui Kwan . . . . .	650,000
Mr. Kam Leung Ming . . . . .	338,000
<u>Non-Executive Director</u>	
Mr. Hung Hon Man . . . . .	—
<u>Independent non-executive Directors</u>	
Mr. Cheung Chi Kong, Ronald . . . . .	84,000
Mr. Chan Ka Kit . . . . .	84,000
Ms. Ng Yau Kuen, Carmen . . . . .	84,000

## 4. Fees or commission received

Save as disclosed in the section headed "Underwriting" in this prospectus, none of our Directors or the experts named in the paragraph 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 36 to the Accountants' Report set out in Appendix I to this prospectus.

**6. Disclaimers**

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (b) none of our Directors or the experts named in the paragraph headed "Consents of experts" in this appendix has any direct or indirect interest 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, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or the experts named in the paragraph headed "Consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) taking no account of Shares which may be taken up under the Global Offering, and Shares to be issued pursuant to options which may be granted under the Share Option Scheme or the Over-allotment Option, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (e) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of the SFO) which, once our Shares are listed on the Stock Exchange, 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 and short positions which he will be 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 referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, to be notified to our Company and the Stock Exchange; and
- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the 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 clients of our Group.

**D. SHARE OPTION SCHEME****1. Summary of terms**

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our sole Shareholder passed on 16 March 2016:

*(a) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers of our Group, distributor, contractor, supplier, agent, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

*(b) who may join and basis of eligibility*

Our Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

*(c) Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

*(d) Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

*(e) Maximum number of Shares*

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme

and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 250,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 250,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (ii) The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the Listing Rules in this regard.
- (iii) Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(f) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) *Grant of options to certain core connected persons*

- (i) Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective close associates) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - (a) representing in aggregate over 0.1% of our Shares in issue; and
  - (b) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by our Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by our Shareholders in the aforesaid manner.

(h) *Restrictions on the times of grant of options*

- (i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
  - (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
  - (b) the deadline for our Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules),and ending on the date of the results announcement.
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:
  - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) *Performance targets*

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) *Ranking of Shares*

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with our fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) *Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) *Rights on cessation of employment by death*

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) *Rights on cessation of employment by dismissal*

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined

by our Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

*(o) Rights on cessation of employment for other reasons*

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of our Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of our Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment of an employee or engagement of a consultant or an adviser (as the case may be) (which date will be in the case of an employee the last actual working day, on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not, and in the case of a consultant or an adviser (as the case may be), the last actual day of providing consultancy or advisory services to the relevant member of our Group).

*(p) Effects of alterations to share capital*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to our Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

*(q) Rights on a general offer*

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/ or any person acting in association or concert with the offeror), our Company shall use its best endeavours to procure that an appropriate offer is extended to all the grantee (on comparable terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, as Shareholders) and when such offer becoming or being declared unconditional, the grantee shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

*(r) Rights on winding-up*

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches



such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

*(s) Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("**Suspension Date**"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavour to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of our officers.

*(t) Lapse of options*

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which our Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);



- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (n), (o), (q), (r) or (s) above;
- (iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

*(u) Cancellation of options granted but not yet exercised*

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

*(v) Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

*(w) Alteration to the Share Option Scheme*

- (i) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alteration to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of our Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(x) *Termination to the Share Option Scheme*

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon the Listing Committee granting the listing of, and permission to deal in, any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and commencement of dealings in the Shares on the Stock Exchange.

## 2. Present status of the Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in 250,000,000 Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

## E. OTHER INFORMATION

### 1. Tax and other indemnities

Our Controlling Shareholder (the “**Indemnifier**”) has, under a Deed of Indemnity referred to in paragraph (g) of the sub-section headed “Summary of material contracts” in this appendix, given indemnities to our Company for ourselves and as trustee for our subsidiaries in connection with, among other things, (a) any liability for Hong Kong estate duty which might be payable by any member of our Group under or by virtue of the provisions of Section 35 and/or Section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any other similar legislation in Hong Kong or any part of the world arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Global Offering becomes unconditional; (b) any taxation which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which Global Offering becomes unconditional; or (ii) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Global Offering becomes unconditional; (c) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Global Offering becomes unconditional; and (d) any losses, liabilities, damages, costs, claims and expenses of whatever nature suffered or incurred by any member of our Group in relation to any non-compliance with the applicable laws, rules or regulations by any member of our Group on or before the date on which the Global Offering becomes unconditional except that provisions, reserve or allowance has been made for such liabilities in the audited combined financial statements of our Company or any other member of our Group for the Track Record Period (if any). The Indemnifier will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such taxation liability or taxation claim in the audited combined financial statements of any member of our Group for the Track Record Period; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Global Offering becomes unconditional; or
- (c) the taxation liability arises in the ordinary course of business of any members of our Group after 30 November 2015 up to and including the date of which the Global Offering becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

## **2. Litigation**

As at the Latest Practicable Date, no member of our Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on the results of operations or financial position of our Group as a whole.

## **3. Sole Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein including any Shares falling to be issued pursuant to the exercise of any options which may be under the Share Option Scheme or the Over-allotment Option.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules.

Our Company has entered into an agreement with the Sole Sponsor, pursuant to which our Company agreed to pay HK\$3.6 million to the Sole Sponsor to act as the sponsor to our Company for purposes of the Global Offering.

## **4. Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately HK\$42,000 and are payable by our Company.

## **5. Promoter**

Our Company has no promoter for the purpose of the Listing Rules.

## 6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Southwest HK Capital	Licensed corporation holding a license under the SFO to conduct Type 6 (Advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Appleby	Legal advisers as to Cayman Islands law
Mr. Chan Chung	Barrister-at-law of Hong Kong

## 7. Consents of experts

Each of Southwest HK Capital, Deloitte Touche Tohmatsu, Appleby and Mr. Chan Chung has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or opinion and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which it is respectively included.

## 8. Binding effect

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

## 9. 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.

### (b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

### (c) *Consultation with professional advisers*

Intending holders of our 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 our Shares. It is emphasised that none of our Company, our Directors or other parties involved in the Global Offering 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.

## 10. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of our Group since 30 November 2015 (being the date to which the latest audited combined financial statements of our Group were made up).

**11. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of the subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration than cash;
  - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of the 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 the subsidiaries;
  - (iii) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares or debenture of any of our Company or our subsidiaries; and
  - (iv) no share or loan capital of our Company or any of the subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) Neither our Company nor any of the subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures.
- (c) Save as disclosed in the section headed “Underwriting” in this prospectus, none of the parties listed in the paragraph headed “Consents of experts” in this appendix is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.
- (d) The branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.
- (e) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (g) We have no outstanding convertible debt securities.
- (h) Our Directors have been advised that, under Cayman Islands law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with the English name does not contravene Cayman Islands law.
- (i) The English text of this prospectus shall prevail over the Chinese text.

**12. 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).

**I. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst others;

- (a) copies of each of the **WHITE, YELLOW, GREEN** Application Forms;
- (b) a copy of each of the material contracts referred to the section headed “Statutory and General Information – B. Further Information about the Business – 1. Summary of material contracts” in Appendix IV to this prospectus; and
- (c) a copy of each of the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 7. Consents of experts” in Appendix IV to this prospectus.

**II. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Loong & Yeung at Suites 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants’ Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of our Company and the companies comprising our Group for the three years ended 31 March 2015 and the eight months ended 30 November 2015;
- (d) the assurance report on the unaudited pro forma financial information issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (e) the letter of advice prepared by Appleby, our legal adviser as to Cayman Islands law, summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- (f) the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about the Business – 1. Summary of material contracts” in Appendix IV to this prospectus;
- (g) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 7. Consents of experts” in Appendix IV to this prospectus;
- (h) the service contracts and letters of appointment referred to in the section headed “Statutory and General Information – C. Further Information about Substantial Shareholders, Directors and Experts – 2. Particulars of service contracts” in Appendix IV to this prospectus;
- (i) the Companies Law;
- (j) the rules of the Share Option Scheme; and
- (k) the letter of advice prepared by the Legal Counsel dated the date of this prospectus.





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