SUN HING

PRINTING HOLDINGS LIMITED

新興印刷控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1975

SHARE OFFER

Sponsor

SUNWAH KINGSWAY 新華滙富

Kingsway Capital Limited

Joint Bookrunners and Joint Lead Managers

GREAT ROC CAPITAL SECURITIES LIMITED 鴻鵬資本證券有限公司

SUNWAH KINGSWAY 新華滙富

Kingsway Financial Services Group Limited

IMPORTANT

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

Sun Hing Printing Holdings Limited
新興印刷控股有限公司

(incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	**:**	**120,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**12,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**108,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$1.45 per Offer Share and expected to be not less than HK$1.05 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	**:**	**1975**

Sponsor

SUNWAH KINGSWAY
新華滙富

Kingsway Capital Limited

Joint Bookrunners and Joint Lead Managers

GREAT ROC
CAPITAL SECURITIES LIMITED
鴻鵬資本證券有限公司

Great Roc Capital Securities Limited

SUNWAH KINGSWAY
新華滙富

Kingsway Financial Services Group Limited

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

A copy of this prospectus having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong 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). Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of these documents.

The Offer Price is expected to be determined by agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). The Offer Price will be not more than HK$1.45 per Offer Share and is expected to be not less than HK$1.05 per Offer Share, unless otherwise announced.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with our Company's consent, reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sunhingprinting.com** not later than the morning of the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares" of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on or before Friday, 10 November 2017 or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse immediately.

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

The obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Joint Lead Managers (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" of this prospectus.

2 November 2017

If there is any change in the following expected timetable, we will issue an announcement on the respective website of our Company at www.sunhingprinting.com and the Stock Exchange at www.hkexnews.hk.

	2017
Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**(2)	11:30 a.m. on Thursday, 9 November
Application lists open(3)	11:45 a.m. on Thursday, 9 November
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, 9 November
Latest time for giving **electronic application instructions** to HKSCC(4)	12:00 noon on Thursday, 9 November
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, 9 November
Application lists close(3)	12:00 noon on Thursday, 9 November
Expected Price Determination Date(5)	Friday, 10 November
Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares to be published on the website of our Company at **www.sunhingprinting.com**(6) and the Stock Exchange at **www.hkexnews.hk** on or before	Wednesday, 15 November
Results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Public Offer Shares — 11. Publication of results" of this prospectus including the website of our Company at **www.sunhingprinting.com**(6) and the Stock Exchange at **www.hkexnews.hk** from	Wednesday, 15 November

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function from	Wednesday, 15 November
Despatch/Collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before(7)(9)	Wednesday, 15 November
Despatch of **HK eIPO White Form** e-Auto Refund payment instructions and despatch/collection of refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before(8)(9)	Wednesday, 15 November
Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Thursday, 16 November

The application for the Share Offer will commence on Thursday, 2 November 2017 through Thursday, 9 November 2017, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Wednesday, 15 November 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 16 November 2017.

Notes:

1. All times and dates refer to Hong Kong local times and dates, unless otherwise stated.

2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk**, after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a 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, 9 November 2017, the application lists will not open on that day. See "How to Apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" of this prospectus.

4. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC via CCASS should refer to the section headed "How to Apply for Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" of this prospectus.

5. The Price Determination Date is expected to be on or around Friday, 10 November 2017 and in any event, no later than 5:00 p.m. on Friday, 10 November 2017. If, for any reason, the Offer Price is not agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, the Share Offer will not proceed and will lapse.

6. None of the website or any of the information contained on the website forms part of this prospectus.

7. Share certificates will only become valid at 8:00 a.m. on Thursday, 16 November 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" of this prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

8. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque, if any. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque, if any.

9. Applicants who apply on **WHITE** Application Forms or through the **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 November 2017 or such other date as notified by our Company on the website of our Company at **www.sunhingprinting.com** or the Stock Exchange at **www.hkexnews.hk** as the date of despatch/collection of Share certificates/refund cheques/e-Refund payment instructions. Applicants being individuals who opt for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which opt for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to our Company's Hong Kong Branch Share Registrar at the time of collection.

   Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

   Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Public Offer Shares — 14. Despatch/Collection of Share certificates and refund monies — Personal Collection — (iv) If you apply via Electronic Application Instructions to HKSCC" of this prospectus for details.

   Applicants who have applied for less than 1,000,000 Public Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in the sections headed "How to Apply for Public Offer Shares — 13. Refund of application monies" and "How to Apply for Public Offer Shares — 14. Despatch/Collection of Share certificates and refund monies" of this prospectus.

The above expected timetable is a summary only. You should read carefully the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares" of this prospectus for details of the structure and conditions of the Share Offer, including the conditions of the Share Offer and the procedures for application for the Public Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company, solely in connection with the Share Offer and the Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offer of the Offer Shares or the distribution of this prospectus. 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 jurisdiction 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. Our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers or representatives or any other person or party involved in the Share Offer. Information contained in our Company's website, at www.sunhingprinting.com, does not form part of this prospectus.

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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. You should read the whole document 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 forth in the section headed "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OVERVIEW

Our business model

We are a one-stop printing service provider. Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. Our printing services focus on paper-related printing products and we can cater for our customers' diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas. During the Track Record Period, our printing products were used in the markets of various consumer products as well as for the purposes of promotion, advertising and education.

We strive for excellence and provide attentive printing services to our customers. In preparing our quotation, we provide printing solution consultation to our customers including suggestions of amendments to the product design and colour-mix to enhance the production cost-effectiveness. We also offer a broad selection of post-press treatments to our customers such as spot ultra-violet coating, varnishing, calendaring, film laminating, gold stamping, corrugated paper lamination, die-cutting, folding and binding/gluing and handcrafting, as well as certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products.

Our printing services

During the Track Record Period, our printing services can be broadly categorised into (i) packaging printing services which cover, among others, corrugated boxes, gift boxes, card boxes and product boxes; (ii) booklet printing services which cover, among others, instruction manuals, hardback books and booklets; (iii) card printing services which cover, among others, colour cards, insert cards, warranty cards and plain cards; and (iv) other printing services which cover, among others, stickers, colour papers, yupo papers, red packets and paper bags. For the table sets forth the breakdown of our revenue by our printing service category during the Track Record Period, please refer to the paragraph headed "Business — Business Overview" in this prospectus.

Our history

Our history can be traced back to late 1970s when Mr. Peter Chan established his printing business in his personal capacity. In December 1990, Mr. Peter Chan established a private company with limited liability in Hong Kong, namely Sun Hing, to continue his printing business. Over years of operation, we have gained extensive industry experience in providing printing services to our customers with diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas.

Our ranking

According to the Frost & Sullivan Report, our revenue attributable to package printing market in Hong Kong in 2016 represented approximately 2.6% of the total revenue generated from the whole package printing market in Hong Kong in 2016, and therefore ranked fifth in terms of share of total industry revenue in 2016.

Our qualifications

We have also been assessed to achieve a number of international standards and qualifications in relation to printing industry including, among others, ISO 9001:2008, standard under Forest Stewardship Council, ISO 14001:2015, G7 certification of qualification, Intertek GMP, Intertek HACCP and ICTI code of business practices (on probation). For details, please refer to the paragraph headed "Business — Major Qualifications and Licences" in this prospectus.

Our customers

We are able to serve worldwide customers with diversified printing needs. During the Track Record Period, our top five customers comprised, among others, wholesaler of home furnishings and housewares, OEM manufacturer specialising in electrical household appliances, company engaging in distribution and resale of packaging equipment, facility supplies and paper, promotion and products design and development company, marketing services company, toy products manufacturer and company providing loyalty programme, strategic marketing and advertising services, stationed in Hong Kong, U.S. and Netherlands. For the table sets forth the breakdown of our revenue by geographical location during the Track Record Period, please refer to the paragraph headed "Business — Business Overview" in this prospectus.

Our suppliers and raw materials

Our principal raw material is paper, the purchase of which amounted to approximately 51.7%, 55.4% and 50.8% of our total cost of sales for each of the three years ended 30 June 2017, respectively. Our top five suppliers during the Track Record Period comprised, among others, suppliers of paper stationed in the PRC.

Our production facilities

Our production site, which is responsible for all our printing products production and delivery, is located at Long Gang Zone, Shenzhen, the PRC (our "**Shenzhen Factory**") with less than 20 k.m. from the container port in Yantian, Shenzhen, the PRC, and with gross floor area of production factory approximately 26,000 sq. m. and staff dormitory approximately 7,000 sq. m., open area of approximately 9,000 sq. m. and utilities of approximately 1,000 sq. m., while our Hong Kong office, located at Chai Wan, Hong Kong, serves as a customer centre receiving orders, issuing invoices and providing all our customer services.

Our Shenzhen Factory was equipped with over 600 production machines and equipment as at 30 June 2017. During the Track Record Period, we purchased over 100 production machines and equipment to maintain our production capacity and keep track with the technological development, which included one die-cutting machine and one spot ultra-violet coating machine, and other numerous machines and equipment for pre-press and post-press treatments. For each of the three years ended 30 June 2017, our additions of plant and machinery were approximately HK$16.8 million, HK$2.2 million and HK$3.2 million, respectively. As at the Latest Practicable Date, we owned all the production machines.

Our Operation Flow

The operation flow of our provision of printing services to our customers generally starts from (i) printing solution consultation and receipt of purchase order; (ii) production planning, production of samples and proofs, and testing and approval; (iii) pre-press; (iv) press; (v) post-press; to (vi) packaging, storage and delivery. Our quality control procedures are implemented throughout the production process.

The time span from the receipt of purchase order from our customers to the delivery of printing products ranges from one day to several months. The actual duration for us to process each purchase order shall depend on the complexity of the design of the printing products, quantity, customers' special requirements, urgency of delivery as well as our production capacity and schedule. As such, the time required for the entire process of a purchase order fulfilment differs from case to case.

Utilisation rate of our production capacity and seasonality

The estimated average utilisation rate of our production capacity for each of the three years ended 30 June 2017 were approximately 104.2%, 99.8% and 95.4%, exceeded 100% because our presses had been operating overtime at more than the assumed production hours per day and/or the assumed production days per each quarter. For further details on our utilisation rate, please refer to the paragraph headed "Business — Our Production Facilities — Production capacity and utilisation rate" in this prospectus.

Demand of our products is subject to seasonal fluctuation. The peak season for our Group is typically from June to September as our products are produced and delivered for our customers to meet their product demand during the Christmas and New Year holidays. During such periods, our Directors considered that our production capacity is fully utilised.

Our employees

As at the Latest Practicable Date, we had 689 employees in Hong Kong and the PRC. During the peak season namely from June to September for each year, in order to maximise our production capacity, we expand our employees for production, who are principally responsible for certain post-press processes and packaging which have to be done manually and cannot otherwise be achieved by automatic machines.

Our direct labour cost, including salaries, bonuses and other employee's benefits, amounted to approximately HK$44.6 million, HK$37.3 million and HK$42.3 million for each of the three years ended 30 June 2017, representing approximately 20.2%, 19.5% and 22.0% of our total cost of sales respectively for the same periods.

Our financial performance

For each of the three years ended 30 June 2017, our revenue was approximately HK$289.4 million, HK$291.2 million and HK$303.0 million, respectively, while our net profit was approximately HK$16.8 million, HK$43.3 million and HK$36.8 million, for the same periods, respectively.

OUR COMPETITIVE STRENGTHS

We believe that our competitive strengths are as follows:

— We are an established printing service provider in Hong Kong.

— We provide comprehensive, attentive and high quality printing services.

— We have established relationships with our top five customers and top five suppliers.

— We have an experienced and dedicated management team.

BUSINESS STRATEGIES

Our business objective is to achieve sustainable growth in our business by expanding the scope of our printing services in two directions:

— To expand the scope of our printing services to cover the markets of food, cosmetic and medical; and

— To increase the categories of value-added information technology-related services to be offered to our customers to include the inclusion of RFID labels, NFC tags and/or audioposter technology, on the printing products.

On top of expanding the scope of our printing services in the aforesaid two directions, we prepare to implement the following future plans to achieve sustainable growth in our business, as well as to facilitate our aforesaid expansion of the scope of our printing services and to accommodate our potential increasing purchaser orders and production volume:

— To relocate our Shenzhen Factory to a new plant and carry out refurbishment;

— To maintain and enhance our production capacity by acquiring four presses (three offset presses and one digital press); and

— To upgrade our enterprise resources planning (ERP) system.

For further details on our business objective and future plans, please refer to the paragraph headed "Business — Business Strategies" in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Share Offer, after deducting underwriting commissions and estimated expenses paid and payable by us in connection with the Share Offer and assuming that the Over-allotment Option is not exercised at all, to be approximately HK$120 million, assuming an Offer Price of HK$1.25 per Share, being the mid-point of the proposed Offer Price range of HK$1.05 to HK$1.45 per Offer Share. We intend to apply the net proceeds from the Share Offer as follows:

— approximately HK$78 million or approximately 65.0% of the net proceeds to purchase four presses (three offset presses and one digital press) to maintain and enhance our production capacity. We plan to spend such expenditures by stages within six years after the Listing;

— approximately HK$30 million or approximately 25.0% of the net proceeds to relocate our Shenzhen Factory. It is expected that the capital expenditure for refurbishing the new plant will be at approximately HK$25 million and the logistic expenses will be at approximately HK$5 million. We plan to spend such expenditure by stages for the year ending 30 June 2019 after the Listing;

— approximately HK$4 million or approximately 3.3% of the net proceeds to upgrade our enterprise resources planning (ERP) system. We plan to spend such expenditures by stages within two years after the Listing; and

— approximately HK$8 million or approximately 6.7% of the net proceeds for general working capital of our Group.

For further details on our future plans and use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

SELECTED KEY OPERATIONAL AND FINANCIAL DATA

Consolidated Results of Operation

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	289,413	291,207	302,987
Gross profit	68,800	100,107	111,133
Profit before tax	21,444	53,335	47,878
Profit for the year	16,816	43,270	36,781
Total comprehensive income for the year	15,934	38,236	33,312

During the Track Record Period, our printing services can be broadly categorised into packaging printing, booklet printing, card printing and other printing. The following table sets forth the breakdown of our revenue by our printing service category during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	Revenue (HK$'000)	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*
Packaging printing *(Note 1)*	202,671	70.0	178,472	61.3	184,271	60.8
Booklet printing *(Note 2)*	54,199	18.7	78,401	26.9	84,822	28.0
Card printing *(Note 3)*	22,871	7.9	24,744	8.5	24,307	8.0
Other printing *(Note 4)*	9,672	3.4	9,590	3.3	9,587	3.2
Total: *(Note 5)*	289,413	100.0	291,207	100.0	302,987	100.0

Notes:

1. Packaging printing services cover, among others, corrugated boxes, gift boxes, card boxes and product boxes.

2. Booklet printing services cover, among others, instruction manuals, hardback books and booklets.

3. Card printing services cover, among others, colour cards, insert cards, warranty cards and plain cards.

4. Other printing services cover, among others, stickers, colour papers, yupo papers, red packets and paper bags.

5. The figures and percentages above may not add up to the total due to rounding.

The following table sets forth the breakdown of our revenue by geographical location during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	Revenue (HK$'000)	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*
Hong Kong	225,298	77.8	179,208	61.5	194,318	64.1
U.S.	14,228	4.9	65,788	22.6	83,812	27.7
Others *(Note 1)*	49,887	17.3	46,211	15.9	24,857	8.2
Total: *(Note 2)*	289,413	100.0	291,207	100.0	302,987	100.0

Notes:

1. They include Netherlands, Australia, Macau and the PRC.

2. The figures and percentages above may not add up to the total due to rounding.

Highlight of our Consolidated Statements of Financial Position

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Current assets	172,006	205,074	137,909
Current liabilities	53,538	59,124	62,733
Net current assets	118,468	145,950	75,176

Cash flows

The following table summarises selected cash flows data from our Consolidated Statements of cash flows for the Track Record Period:

	For the year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents at beginning of year	38,056	25,851	58,174
Net cash generated from operating activities	23,832	66,911	52,561
Net cash used in investing activities	(19,170)	(3,227)	(4,525)
Net cash used in financing activities	(16,700)	(30,281)	(49,068)
Cash and cash equivalent at the end of year	25,851	58,174	56,318

For the year ended 30 June 2015, our net cash generated from operating activities was approximately HK$23.8 million, primarily as a result of the combined effects of i) approximately HK$30.0 million of operating cash flows before movements in working capital; ii) the increase in inventory of approximately HK$8.1 million; iii) decrease in trade receivables of approximately HK$7.4 million; iv) decrease in prepayments, deposits and other receivables of approximately HK$0.8 million; v) decrease in trade payables of approximately HK$6.1 million and vi) increase in other payables and accruals of approximately HK$4.0 million. This was partially offset by the income tax paid of approximately HK$4.0 million.

For the year ended 30 June 2016, our net cash generated from operating activities was approximately HK$66.9 million, primarily as a result of the combined effects of i) approximately HK$62.1 million of operating cash flows before movements in working capital; ii) the increase in inventory of approximately HK$2.1 million; iii) decrease in trade receivables of approximately HK$13.6 million; iv) increase in prepayments, deposits and other receivables of approximately HK$0.7 million; v) increase in trade payables of approximately HK$3.0 million and vi) decrease in other payables and accruals of approximately HK$6.7 million. This was partially offset by the income tax paid of approximately HK$2.2 million.

For the year ended 30 June 2017, our net cash generated from operating activities was approximately HK$52.6 million, primarily as a result of the combined effects of i) approximately HK$55.9 million of operating cash flows before movements in working capital; ii) the decrease in inventory of approximately HK$12.2 million; iii) decrease in trade receivables of approximately HK$1.1 million; iv) increase in prepayments, deposits and other receivables of approximately HK$4.6 million; v) decrease in trade payables of approximately HK$1.2 million; vi) decrease in other payables and accruals of approximately HK$5.1 million and vii) increase in restricted cash of approximately HK$1.6 million. This was partially offset by the income tax paid of approximately HK$4.0 million.

KEY FINANCIAL RATIOS

	As at/For the year ended 30 June		
	2015	**2016**	**2017**
Gross profit margin	23.8%	34.4%	36.7%
Net profit margin	5.8%	14.9%	12.1%
Current ratio (times)	3.2	3.5	2.2
Quick ratio (times)	2.7	3.0	1.9
Return on equity	9.1%	21.2%	28.9%
Return on total assets	7.0%	16.4%	19.3%

The gross profit margin for the three years ended 30 June 2017 were approximately 23.8%, 34.4% and 36.7% respectively. The growth of the gross profit margin was mainly due to change in product mix during the years ended 30 June 2016 and 30 June 2017. The packaging printing services revenue as a percentage to the total revenue had dropped from approximately 70.0% for the year ended 30 June 2015 to approximately 61.3% for the year ended 30 June 2016 and to approximately 60.8% for the year ended 30 June 2017; while booklet printing services revenue as a percentage to total revenue has increased from approximately 18.7% for the year ended 30 June 2015 to approximately 26.9% for the year ended 30 June 2016 and to approximately 28.0% for the year ended 30 June 2017. As our Group considers the labor cost and manufacturing overheads maintained stable across all service types, it would not be feasible for our Group to allocate the labor cost and manufacturing overheads to different services types. Our Group considers the material costs are the major component when estimating the gross profit margin for our Group. The material costs for booklet printing services is lower than that of packaging printing services. The average material costs to selling price per unit for booklet printing services is approximately 26.1% while the average material costs to selling price per unit for packaging printing services is approximately 46.6%. This demonstrates that the average material costs used for booklet printing services are lower than that of packaging printing services; therefore, with the increase in percentage to total revenue of booklet printing services for the years ended 30 June 2016 and 30 June 2017, the gross profit margin has been improved. In addition, our Group has purchased additional plant and machinery, which required less staff for production. The change in product mix with booklet printing services required less labors in production as packing printing services require more labors to perform additional works at post press stages, such as cutting and folding the semi products to produce the end products as compared to booklet printing services which most of the works can be completed by the printers. This is consistent with the reduction of labor costs recorded in cost of sales from approximately HK$44.6 million for the year ended 30 June 2015 to approximately HK$37.3 million for the year ended 30 June 2016. Therefore, our gross profit margin has been improved. The lower average material costs utilised and less labors consumed for the production of booklet printing services also explained the reason for a higher gross profit margin for booklet printing services as compared to packaging printing services.

The net profit margin for the three years ended 30 June 2017 were approximately 5.8%, 14.9% and 12.1% respectively. The increase from approximately 5.8% for the year ended 30 June 2015 to approximately 14.9% for the year ended 30 June 2016, which was mainly due to the increase in our gross profit margin during the year. The net profit margin dropped to approximately 12.1%, mainly due to the listing expenses of HK$12.1 million recorded during the year ended 30 June 2017.

For details, please refer to the paragraph headed "Financial Information — Summary of Key Financials Ratios" in this prospectus.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

For the year ending 30 June 2018, the following factors may adversely affect our net profit and financial position: (i) the Listing expenses of approximately HK$7.6 million as mentioned in "Summary — Listing Expenses" and "Financial Information — Listing Expenses"; (ii) the expected increase in staff salaries and allowance with the increase in monthly minimum wage came into effect on 1 April 2017; (iii) the expected increase in Directors' remuneration after Listing; and additional depreciation expenses related to the new presses.

In addition, the historical growth of booklet printing services revenue may not be sustained as our Group did not enter into any long-term commitment nor agreement with Customer D and The Marketing Store Worldwide L.P.; the growth in purchase price of paper (i.e. material costs); the expected increase in staff salaries and allowance and the additional depreciation expenses related to the acquisition of new presses as mentioned previously may adversely affect our gross profit margin for the year ending 30 June 2018.

Our Directors confirmed that since 30 June 2017 and up to the date of this prospectus:

(i) There had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operating position;

(ii) There was no material adverse change in the trading and financial position or prospect of our Group; and

(iii) No event had occurred that would materially and adversely affect the information shown in the section headed "Accountants' Report" in Appendix I.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees and expenses incurred in connection with the Share Offer and the Listing. Our total listing expenses is estimated to be approximately HK$30.0 million, of which approximately HK$10.3 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of approximately HK$12.1 million has been reflected in the Consolidated Statements of profit and loss of our Group for the year ended 30 June 2017, and HK$7.6 million of additional listing expenses are expected to be recognised in the Consolidated Statements of profit and loss of our Group for the year ending 30 June 2018. We expect our results of operations for the year ending 30 June 2018 to be materially and adversely affected by the listing expenses incurred in the period.

Such listing expenses are a current estimate for reference only. The actual amounts to be recognized to the profit and loss of our Group or to be capitalized are subject to adjustments based on audit and changes in variables and assumptions.

APPLICATION FOR THE SHARE OFFER

The application for the Share Offer will commence on Thursday, 2 November 2017 through Thursday, 9 November 2017, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Wednesday, 15 November, 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 16 November 2017.

STATISTICS OF THE SHARE OFFER

	Based on the minimum indicative Offer Price of HK$1.05 per Share	**Based on the maximum indicative Offer Price of HK$1.45 per Share**
Market capitalisation	HK$504,000,000	HK$696,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 June 2017	HK$0.49	HK$0.58

Note:

Please refer to the section headed "Appendix II — Unaudited pro forma financial information" for further details regarding the assumptions used and the calculations method.

OUR SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, our Company will be owned as to approximately 54.8% by Goody Luck, which is owned as to 98.6% by Mr. Peter Chan (our founder, Chairman and executive Director) and as to 1.4% by Mr. Kenneth Chan (our chief executive officer and executive Director), and as to approximately 20.2% by Goody Capital, which is owned as to approximately 33.3% by Mr. Desmond Chan (our executive Director), as to approximately 33.3% by Mr. Chan Chi Ming (our executive Director) and as to approximately 33.3% by Mr. Kenneth Chan. For the purposes of the Listing Rules, Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan, Mr. Chan Chi Ming, Goody Luck and Goody Capital are our Controlling Shareholders.

DIVIDEND

For the years ended 30 June 2015, 2016 and 2017, dividends declared and paid to the respective shareholders of members of our Group amounted to HK$20.0 million, HK$20.0 million and HK$110.0 million, respectively. After the completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. Our Directors are of the view that the amount of any dividends to be declared in the future will depend on, among others, our Group's results of operations, cash flows and financial conditions, operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong, the applicable laws and regulations and all other relevant factors.

Our Group currently does not have a policy for future dividend payments. The declaration of dividends is subject to the discretion of our Board and, the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Such intention does not amount to any guarantee or representation or indication that our Group must or will declare and pay dividend in such manner or declare and pay any dividend at all.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

RISK FACTORS

Potential investors are advised to carefully read the section headed "Risk Factors" in this prospectus before making any investment decision in the Offer Shares. Some of the more particular risk factors include:

— We may be required to relocate our production site as a result of title defect in our leased property, and if the landlord of the new plant does not deliver vacant possession of such plant as agreed, and if we cannot identify other alternative production facilities in a timely manner, we may incur higher than expected loss for relocating our operations from our Shenzhen Factory.

— We plan to relocate our Shenzhen Factory and maintain and enhance our production capacity, and such future plans may result in increase in depreciation expenses and transportation expenses and may adversely affect our operating results and financial position.

— We will record an increase in rental expenses after relocation to the New Plant which may adversely affect our operating results and financial position.

— Our top five customers for each of the three years ended 30 June 2017 accounted for about or over 50% of our revenue and any decrease in our provisions of printing services to any one of them would affect our operations and financial results.

— Our provisions of printing services are made on the basis of individual purchase order placed by our customers and any significant decrease in the number of purchase orders placed by our customer would affect our operations and financial results.

— We are exposed to payment delays and/or default by our customers which would adversely affect our operations and financial condition.

— Our works are labour intensive. If we experience any shortage of labour, industrial actions, strikes or material increase in labour cost, our operations and financial results would be adversely affected.

— Our business is susceptible to fluctuations in purchase prices of our principal raw materials used in our production.

LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

As at the Latest Practicable Date, we had on-going legal proceedings in the PRC which were commenced by our previous employee against us in September 2016. Such legal proceedings were about claims for work injury compensation, employee's remuneration and legal costs at the total claim sum of less than RMB70,000.

During the Track Record Period, there were instances where our Group failed to comply with certain applicable laws and regulations in Hong Kong and the PRC, including non-compliances with (i) the Social Insurance Law of the PRC; (ii) the Regulations on the Administration of Housing Provident Fund; (iii) the Special Equipment Safety Law of the PRC; (iv) the Regulations of Management of Licenced Safety Officers in Guangdong Province; (v) the Predecessor Companies Ordinance and the Companies Ordinance; and (vi) the Mandatory Provident Fund Schemes (General) Regulation.

TITLE DEFECT OF OUR SHENZHEN FACTORY

Our production site, which is responsible for all our printing products production and delivery, is located at Long Gang Zone, Shenzhen, the PRC (our "**Shenzhen Factory**") with gross floor area of production factory approximately 26,000 sq. m. and staff dormitory approximately 7,000 sq. m., open area of approximately 9,000 sq. m. and utilities of approximately 1,000 sq. m..

Since the landlord of our Shenzhen Factory does not possess any valid Property Ownership Certificate or approval to build and lease, for the production factory, utilities and open area in our Shenzhen Factory, the lease for the production factory, utilities and open area in our Shenzhen Factory with the landlord may be held invalid. Further, the landlord may be ordered by the relevant PRC authorities to dismantle the production factory and utilities in our Shenzhen Factory within a prescribed time limit. In such circumstances, the lease agreement of our Shenzhen Factory will be terminated by the landlord and our Group will need to relocate our production facilities in our Shenzhen Factory. In case of forced relocation of our production facilities in our Shenzhen Factory, we would suffer production interruption and loss and damage including relocation cost and operating losses.

If we are forced to relocate our operations from our Shenzhen Factory, we plan to exercise our right under the memorandum of understanding (the "**MOU**") entered with an Independent Third Party (the "**New Landlord**") earlier than scheduled so that we can commence the relocation of our Shenzhen Factory to the plant located at Xiagang Community, Dongguan City, Guangdong Province, the PRC (中華人民共和國廣東省東莞市廈崗社區), with land area of approximately 50,000 sq. m. for industrial use (the "**New Plant**") earlier than scheduled in around August 2018.

For details of the title defect of our Shenzhen Factory, and our relocation plan of our Shenzhen Factory to the New Plant, please refer to the paragraph headed "Business — Our Properties" in this prospectus.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Accountants' Report"	the report of our reporting accountants, the text of which is set out in Appendix I to this prospectus
"Acting In Concert Confirmation And Undertaking"	the acting in concert confirmation and undertaking entered into among Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan and Mr. Chan Chi Ming dated 9 February 2017 whereby they confirmed the existence of their acting in concert arrangement
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Public Offer
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, adopted on 9 October 2017 with effect from the Listing Date and as amended from time to time, a summary of which is set forth in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	our board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are normally open for business
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the allotment and issue of 359,999,000 Shares to be made upon capitalisation of part of the amount standing to the credit of our share premium account as referred to in the section headed "Statutory and General Information — A. Further Information about our Group — 3. Extraordinary general meeting of our Shareholders held on 9 October 2017" in Appendix IV to this prospectus
"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 participant or a 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
"Chairman"	the chairman of our Board, Mr. Peter Chan
"China IOE"	China IOE Company Limited (中國萬物聯網有限公司), a company incorporated in Hong Kong with limited liability on 8 August 2016 and an indirectly wholly-owned subsidiary of our Company
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Law" or "Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies Registry"	the Companies Registry of Hong Kong
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company"	Sun Hing Printing Holdings Limited (新興印刷控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 January 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 22 March 2017
"Concerted Parties"	Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan and Mr. Chan Chi Ming
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transactions(s)"	has the meaning ascribed thereto under the Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed to it thereto under the Listing Rules, means Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan, Mr. Chan Chi Ming, Goody Luck and Goody Capital
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Deed of Indemnity"	the deed of indemnity dated 9 October 2017 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding certain indemnities, details of which are set out in the section headed "Statutory and General Information — E. Other Information — 2. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 9 October 2017 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding non-competition undertakings, details of which are set out in the section headed "Relationship with our Controlling Shareholders — Non-Competition Undertakings" in this prospectus
"Director(s)"	the director(s) of our Company
"Frost & Sullivan"	Frost & Sullivan International Limited, an Independent Third Party, being a professional market research company
"Frost & Sullivan Report"	the commissioned report on the market overview and competitive analysis for the package printing industry in Hong Kong compiled by Frost & Sullivan, the content of which is quoted in this prospectus
"Goody Capital"	Goody Capital Limited, a company incorporated in BVI with liability limited by shares on 3 January 2017, which is owned as to 33.3%, 33.3% and 33.3% by Mr. Kenneth Chan, Mr. Desmond Chan and Mr. Chan Chi Ming, respectively, and a Controlling Shareholder
"Goody Luck"	Goody Luck Limited, a company incorporated in BVI with liability limited by shares on 3 January 2017, which is owned as to 98.6% and 1.4% by Mr. Peter Chan and Mr. Kenneth Chan, respectively, and a Controlling Shareholder
"Great Roc Capital Securities Limited"	Great Roc Capital Securities Limited, a licensed corporation to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, and has been appointed as one of the bookrunners and lead managers for the Share Offer

"**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider designated by our Company
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context refers to any time prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the business carried on by such subsidiaries or (as the case maybe) our predecessors, and "we", "our" or "us" shall be construed accordingly
"HIBOR"	Hong Kong Interbank Offered Rate
"**HK eIPO White Form**"	the application process for Public Offer Shares with applications issued in the applicant's own name and submitted online through the designated website of **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company
"HK$", "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, lawful currency of Hong Kong
"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"	the Hong Kong Special Administrative Region of PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive officer or substantial shareholders of our Company, our subsidiaries or any of their respective associates
"Issuing Mandate"	the unconditional mandate granted to our Directors to allot and issue Shares pursuant to the resolutions set forth in the section headed "Statutory and General Information — A. Further Information about Our Group — 3. Extraordinary general meeting of our Shareholders held on 9 October 2017" in Appendix IV to this prospectus

"Joint Bookrunners" or "Joint Lead Managers"	Great Roc Capital Securities Limited and Kingsway Financial Services Group Limited
"Kingsway Financial Services Group Limited"	Kingsway Financial Services Group Limited, a licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, and has been appointed as one of the bookrunners and lead managers for the Share Offer
"Latest Practicable Date"	23 October 2017, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
"Legal Counsel"	Mr. Dixon Co, barrister-at-law of Hong Kong
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on or about Thursday, 16 November 2017, on which our Shares are listed and from which dealings in our Shares commence on the Stock Exchange
"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
"Macau"	the Macau Special Administrative Region of PRC
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Mau Hing"	Mau Hing International Limited (貿興國際有限公司), a company incorporated in Hong Kong with limited liability on 30 December 1993 and an indirectly wholly-owned subsidiary of our Company
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, adopted on, and with effect from, 9 October 2017, as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus
"Mr. Chan Chi Ming"	Mr. Chan Chi Ming (陳志明), being our executive Director and a Controlling Shareholder

"Mr. Desmond Chan"	Mr. Chan Chun Sang Desmond (陳春生), being our executive Director and a Controlling Shareholder
"Mr. Kenneth Chan"	Mr. Chan Kenneth Chi Kin (陳志堅), being our chief executive officer, executive Director and a Controlling Shareholder
"Mr. Peter Chan"	Mr. Chan Peter Tit Sang (陳鐵生), being our Chairman, executive Director and a Controlling Shareholder
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for or purchased pursuant to the Share Offer, to be determined in the manner further described in the section headed "Structure and Conditions of the Share Offer — Determining the Offer Price" in this prospectus
"Offer Shares"	the Public Offer Shares and the Placing Shares
"Over-allotment Option"	the option expected to be granted by our Company to the Placing Underwriters exercisable by the Joint Lead Managers (for themselves and on behalf of the Placing Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 18,000,000 additional New Shares at the Offer Price, to cover over-allocations in the Placing and/or to satisfy the obligation of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement subject to the terms of the Placing Underwriting Agreement
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters at the Offer Price to selected professional, institutional and private investors as set forth in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 108,000,000 Shares at the Offer Price pursuant to the Placing, subject to reallocation and the Over-allotment Option as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Underwriters"	the Underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares

"Placing Underwriting Agreement"	the conditional placing underwriting agreement relating to the Placing expected to be entered into on or about the Price Determination Date by, among others, our Company and the Placing Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"PRC" or "China"	the People's Republic of China and, except where the context otherwise requires and for the purpose of this prospectus only, does not include Hong Kong, Macau and Taiwan
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
"Price Determination Agreement"	the agreement expected to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the final Offer Price
"Price Determination Date"	the date, expected to be on or around Friday, 10 November 2017 on which the final Offer Price is to be fixed for the purpose of the Share Offer but in any event no later than Friday, 10 November 2017
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms
"Public Offer Shares"	12,000,000 New Shares being initially offered by us for subscription pursuant to the Public Offer, subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer whose names are set forth in the section headed "Underwriting — Underwriters — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional public offer underwriting agreement dated 1 November 2017 relating to the Public Offer entered into by, among others, our Company and the Public Offer Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"Regulation S"	Regulation S under the U.S. Securities Act

"Reorganisation"	the reorganisation we have undergone in preparation for the Listing of Shares on the Stock Exchange which are more particularly described in the section headed "History, Reorganisation and Group Structure" in this prospectus
"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, particulars of which are set forth in the section headed "Statutory and General Information — A. Further Information about Our Group — 3. Extraordinary general meeting of our Shareholders held on 9 October 2017" in Appendix IV to this prospectus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal or par value of HK$0.01 each
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme our Company conditionally adopted on 9 October 2017, the principal terms of which are summarised in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus
"Shareholder(s)"	holder(s) of Shares
"Shenzhen Factory"	our production site located at Long Gang Zone, Shenzhen, the PRC
"Sponsor"	Kingsway Capital Limited, a corporation licensed to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the sponsor of the Share Offer
"Stabilising Manager"	Great Roc Capital Securities Limited
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or around the Price Determination Date between Goody Luck and the Stabilising Manager, pursuant to which the Stabilising Manager may borrow up to 18,000,000 Shares from Goody Luck
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Strong Luck"	Strong Luck Limited, a company incorporated in the BVI with liability limited by shares on 18 February 1991 and a directly wholly-owned subsidiary of our Company
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Sun Hing"	Sun Hing Printing Company Limited (新興印刷有限公司), a company incorporated in Hong Kong with limited liability on 11 December 1990 and an indirectly wholly-owned subsidiary of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tax Advisor"	Ernst & Young Tax Services Limited, tax advisor
"Track Record Period"	the period comprising the three financial years ended 30 June 2017
"Tung Pak"	Tung Pak Printing (Shenzhen) Co., Ltd (東柏彩印(深圳)有限公司), a company incorporated in the PRC with limited liability on 1 July 1994 and an indirectly wholly-owned subsidiary of our Company
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulation promulgated thereunder
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicants' own name
"Winstar"	Winstar Development Limited (永曜發展有限公司), a company incorporated in Hong Kong with limited liability on 12 February 1999 and an indirectly wholly-owned subsidiary of our Company
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"%"	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless expressly stated or the context otherwise requires, all data in this prospectus is as at the date of this prospectus.

If there is any inconsistency between the official Chinese name of the PRC entities mentioned in this prospectus and their English translation, the Chinese version shall prevail. English translations of official Chinese names and English translations which are marked with "" are for identification purposes only.*

This glossary contains explanations of certain terms used in this prospectus. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

"barcode(s)"	a small rectangular pattern of thick and thin black lines printed on a product, or on its container, so that the details of the product can be read by and recorded on a computer system
"CAGR"	acronym for "Compound Annual Growth Rate", a method of assessing the average growth of a value over time
"calendaring"	a process where printed papers are pressed by two stainless cylinders making them more reflective
"corrugated paper lamination"	a process where printed papers are glued with other materials, such as cardboards or cartons, for different purposes, such as increasing their thickness or hardness, or to enhance the esthetics of the product
"die-cutting"	a process where printed products are being cut into specific shapes or by a specific way using die-cut molds so that they may be assembled into boxes
"ERP system"	acronym for "Enterprise Resource Planning system", a software-packaged system which integrates several data sources and processes of an organisation into a single unified system
"film lamination"	refers to the adding of a transparent plastic layer on to the printed products to give better appearance and a plastic texture
"Forest Stewardship Council"	an independent, non-profit organisation that protects forests and sets standards under which forests and companies are certified
"G7"	Idealliance's industry-leading set of specifications for achieving gray balance and visual similarity across all print processes
"GDP"	acronym for "Gross Domestic Product"
"GMP"	acronym for "Good Manufacturing Practice", a system for ensuring that products are consistently produced and controlled according to quality standards
"gold stamping"	a technique that uses heat to iron golden paint on to particular areas of the printed product to give a golden colour and a special texture

"HACCP"	acronym for "Hazard Analysis Critical Control Point", a systematic preventative approach to food industry that addresses physical, chemical and biological hazards as a means of prevention rather than finished product inspection
"handcrafting"	activities in which something or an object is made with the hands rather than being produced by machines
"ICTI"	acronym for "International Council of Toy Industries", an industry association for the worldwide toy industry
"ICTI code of business practices"	practices aim to ensure that toys are produced in safe and humane environments
"Idealliance"	a non-profit organisation that develops standards and best practices to enhance efficiency and speed information across the end-to-end digital media supply chain
"Intertek"	a company providing innovative, bespoke assurance, testing, inspection and certification services to customers worldwide
"ISO"	acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 9001"	quality management system requirements publish by ISO
"ISO 14001"	environmental management system requirements publish by ISO
"ISO 15378:2015"	requirements for a quality management system where an organisation needs to demonstrate its ability to provide primary packaging materials for medicinal products, which consistently meet customer requirements, including regulatory requirements and international standards applicable to primary packaging materials
"ISO 22000"	a standard developed by ISO, dealing with food safety, specifying the requirements for food safety management systems
"MOU"	the memorandum of understanding as referred in the paragraph headed "Business — Business Strategies — Future plans" in this prospectus
"MPR code(s)"	acronym for "Multimedia Print Reader code(s)", a two-dimensional code that allows a multimedia print reader to access and play a multimedia file, such as sound file and image file

"NFC tag(s)"	acronym for "Near Field Communication tag(s)", which has a microchip that enables it to send data to and receive data from an in range NFC device
"OEM"	acronym for "Original Equipment Manufacturer", a company that manufactures a product in accordance with its customer's designs which ultimately will be branded by its customer for sale
"Property Ownership Certificate"	has the meaning of, as the case may be (i) the property ownership certificate (房地產權證), issued by the relevant PRC authority prior to 1 March 2015; (ii) premises permit (房屋所有權證), issued by the relevant PRC authority prior to 1 March 2015; or (iii) property right certificate (不動產權證書), issued by the relevant PRC authority pursuant to the Notice of the Ministry of Land and Resources of the PRC on Launch of Real Estate Register, Property Right Certificate, Real Estate Registration Proof and Real Estate Registration Application and Approval Form (for Trial Implementation)* (國土資源部關於啟用不動產登記簿證樣式（試行）的通知) and the Interim Regulation on Real Estate Registration (不動產登記暫行條例) since 1 March 2015
"QR code(s)"	acronym for "Quick Response code(s)", a type of two-dimensional barcode that carries information and can be scanned using a QR scanner
"RFID label(s)"	acronym for "Radio-frequency Identification label(s)", a mircochip containing electronically stored information for identifying and tracking objects using electromagnetic fields
"spot ultra-violet coating"	a process where ultra-violet cured coatings are applied over the printed products to create a shiny surface
"varnishing"	refers to the spraying of varnishes, such as oil and water based varnishes, on to the surface of the printed products to give a gloss finishing and protect the printing underneath

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to the following:

- our Group's business prospects;
- our Group's contracts on hand;
- future developments, trends and conditions in the industry and markets in which we operate;
- our Group's business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which our Group operates;
- changes to the regulatory environment and general outlook in the industry and markets in which our Group operates;
- the effects of the global financial markets and economic crisis;
- our Group's financial position;
- our Group's ability to reduce costs;
- our Group's dividend;
- the amount and nature of, and potential for, future development of our Group's business;
- various business opportunities that our Group may pursue;
- capital market developments;
- our Group's ability to source raw materials;
- fluctuation in the prices of raw materials and our Group's ability to pass-through any increases in price to customers;
- our Group's ability to protect our Group's intellectual property rights;

- our Group's ability to hire and retain talented employees;
- the actions and developments of our competitors and our Group's ability to compete under these actions and developments;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other factors beyond our Group's control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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

Potential investors should consider carefully all the information presented in this prospectus and, in particular, should consider the following risks and specific considerations in connection with an investment in our Company before making any investment decision in relation to the Offer Shares. If any of the possible events described below materialises, our business, financial position and prospects may be materially and adversely affected. Additional risks not currently known to us or that we now consider immaterial may also harm us and affect our investment value. The trading prices of our Shares could decline considerably due to the occurrence of any of any of such risks and investors may lose part or all of their investments.

RISKS RELATING TO OUR BUSINESS

We may be required to relocate our production site as a result of title defect in our leased property, and if the landlord of the new plant does not deliver vacant possession of such plant as agreed, and if we cannot identify other alternative production facilities in a timely manner, we may incur higher than expected loss for relocating our operations from our Shenzhen Factory

Our production site, which is responsible for all our printing products production and delivery, is located at Long Gang Zone, Shenzhen, the PRC (our "**Shenzhen Factory**") with gross floor area of production factory approximately 26,000 sq. m. and staff dormitory approximately 7,000 sq. m., open area of approximately 9,000 sq. m. and utilities of approximately 1,000 sq. m.. Our Shenzhen Factory is subject to a lease agreement expiring on 31 March 2019.

As at the Latest Practicable Date, the landlord of our Shenzhen Factory has only obtained the Property Ownership Certificate for the staff dormitory but does not possess any valid Property Ownership Certificate or approval to build and lease, for the production factory, utilities and open area in our Shenzhen Factory. As advised by the PRC Legal Advisers, the lease for the production factory, utilities and open area in our Shenzhen Factory with the landlord may be held invalid and the landlord may be ordered by the relevant PRC authorities to dismantle the production factory and utilities in our Shenzhen Factory within a prescribed time limit. In such circumstances, the lease agreement of our Shenzhen Factory will be terminated by the landlord and our Group will need to relocate our production facilities in our Shenzhen Factory. For further information about the regulatory background of the title defect, please refer to the paragraph headed of the "Business — Our Properties — Title defect of our Shenzhen Factory" in this prospectus.

In case of forced relocation of our production facilities in our Shenzhen Factory, we may suffer production interruption and loss and damage including relocation cost and operating losses. Our business operations and financial results may be materially and adversely affected.

If we are forced to relocate our operations from our Shenzhen Factory, we plan to exercise our right under the MOU earlier than scheduled so that we can commence the relocation of our Shenzhen Factory to the New Plant earlier than scheduled in around August 2018. For further information about the New Plant and the MOU, please refer to the paragraphs headed "Business Strategies — Future plans — To relocate our Shenzhen Factory" and "Our Properties — Backup plan — To early commence the relocation of our Shenzhen Factory" in the "Business" section of this prospectus.

Nevertheless, if the New Landlord could not deliver vacant possession of the New Plant, we and/or the New Landlord may not be able to identify other alternative production facilities in a timely manner. In such case, we may experience longer than expected delays before resuming production at full capacity or at all, and we may incur higher than expected loss of revenue and profits as well as further claims due to delay and/or failure to deliver our printing products to our customers. As such, our business, operating results and financial condition may be materially and adversely affected.

We plan to relocate our Shenzhen Factory and maintain and enhance our production capacity, and such future plans may result in increase in depreciation expenses and transportation expenses and may adversely affect our operating results and financial position

We plan to relocate our Shenzhen Factory to the New Plant and the capital expenditure of which is estimated to be approximately HK$30 million. We also plan to maintain and enhance our production capacity by purchasing four presses and the capital expenditure of which is estimated to be approximately HK$78 million. For further details, please refer to the paragraph headed "Business — Business Strategies — Future plans" in this prospectus. Our depreciation expenses may increase as a result of the relocation of our Shenzhen Factory to the New Plant and the acquisition of additional machinery and equipment.

For each of the three years ended 30 June 2017, (i) our additions of plant and machinery were approximately HK$16.8 million, HK$2.2 million and HK$3.2 million, respectively; and (ii) the depreciation expenses related to our owned plant and equipment recorded under direct cost amounted to approximately HK$8.1 million, HK$7.9 million and HK$7.0 million, respectively.

The estimated additional depreciation charges as a result of the relocation of our Shenzhen Factory to the New Plant, the acquisition of additional machinery and equipment and the upgrade of our ERP system (capital expenditure of all of which is estimated to be financed from the net proceeds of the Share Offer) amount to approximately HK$2.1 million, approximately HK$5.2 million, approximately HK$7.2 million and approximately HK$8.2 million, respectively for each of the four years ending 30 June 2021. In the event that our depreciation expenses increase substantially due to the relocation of our Shenzhen Factory to the New Plant and the acquisition of additional machinery and equipment, our business and financial performance may be adversely affected.

Further, since the New Plant is located at approximately 80 k.m. away from our Shenzhen Factory and approximately 90 k.m. away from the container port in Yantian, Shenzhen, the PRC (which is farther to such container port than our Shenzhen Factory), our transportation expenses may increase. For each of the three years ended 30 June 2017, our transportation and delivery expenses amounted to approximately HK$2.3 million, HK$2.3 million and HK$2.1 million, respectively. It is estimated that after the relocation of our Shenzhen Factory to the New Plant, our transportation and delivery expenses will be more than HK$4 million (but not more than HK$5 million) for each financial year.

We will record an increase in rental expenses after relocation to the New Plant which may adversely affect our operating results and financial position

We plan to relocate our Shenzhen Factory to the New Plant. According to the terms of the MOU, we plan to rent from the New Landlord in total area of approximately 60,000 sq. m. (which comprises (i) gross floor area of approximately 40,000 sq. m. for, among others, production, office, storage and utilities; (ii) gross floor area of approximately 11,000 sq. m. for staff dormitory; and (iii) open area of approximately 9,000 sq. m.) with the monthly rent fixed at RMB913,590. For further details of the MOU, please refer to the paragraph headed "Business — Business Strategies — Future plans" in this prospectus.

The current monthly rent of our Shenzhen Factory was approximately RMB0.5 million and therefore after relocation to the New Plant, our monthly rent payable for our production facilities in the PRC will be nearly doubled. We will incur higher annual rental expenses, and our operating results and financial position may in turn be adversely affected.

Our top five customers for each of the three years ended 30 June 2017 accounted for about or over 50% of our revenue and any decrease in our provisions of printing services to any one of them would affect our operations and financial results

For each of the three years ended 30 June 2017, our aggregate revenue attributable to our top five customers amounted to approximately HK$169.5 million, HK$142.8 million and HK$170.5 million, representing approximately 58.6%, 49.0% and 56.3% of our total revenue, respectively. For the same periods, total revenue attributable to our largest customer were approximately HK$76.3 million, HK$41.9 million and HK$50.7 million, representing approximately 26.4%, 14.4% and 16.7% of our total revenue, respectively.

Nevertheless, there can be no assurance that we will be able to retain these customers or that they will maintain their current level of business with us. If there is a reduction or cessation of purchase orders from these customers for whatever reasons and we are unable to obtain suitable purchase orders of a comparable size in substitution, our financial condition and operating results may be materially and adversely affected.

Our provisions of printing services are made on the basis of individual purchase order placed by our customers and any significant decrease in the number of purchase orders placed by our customer would affect our operations and financial results

Our provisions of printing services are made on the basis of individual purchase order placed by our customers and we did not enter into any master long-term contract or framework agreement with our customers during the Track Record Period and up to the Latest Practicable Date. After completion of the purchase orders, our customers are not obliged to engage us for any further printing services.

Further, during the Track Record Period, demand of our printing services was subject to seasonal fluctuation. The peak seasons for our Group was typically from June to September as our products were produced and delivered for our customers to meet their product demand during the Christmas and New Year holidays. For details, please refer to the paragraph headed "Business — Sales and Marketing — Seasonality" in this prospectus.

Our success is partly attributable to our ability to maintain and increase purchase orders from our existing customers and new customers, which depend on a variety of factors including but not limited to our customers' demand for our printing services, our service quality and responsiveness, the market conditions and the degree of competition in the market.

There can be no assurance that our customers will continue to place purchase orders with us at the same quantity, for the same categories of printing services, under the same seasonal pattern, or at all in the future. If there is any significant decrease in the number of purchase orders placed by our customer (whether during the peak seasons or not), our business and results of operations would be materially and adversely affected.

We are exposed to payment delays and/or default by our customers which would adversely affect our operations and financial condition

We generally issue invoices or monthly statements to our customers for the outstanding payment after delivery and the range of credit period granted by our Group to our customers is between 30 to 90 days for settling such outstanding amount. As at 30 June 2016 and 30 June 2017, the trade receivables amounted to approximately HK$52.2 million and HK$51.1 million respectively, representing a decrease of approximately HK$1.1 million or 2.1%, whereas the respective trade receivables also accounted for approximately 25.5% and 36.9% of the total current assets respectively. In addition, the trade receivables' turnover days were 87.6 days, 73.9 days and 62.2 days for each of the three years ended 30 June 2017, respectively. For details of the fluctuations in our trade receivables from customers and trade receivables' turnover days, please refer to the paragraph headed "Financial Information — Description of Selected Components of Consolidated Statements of Financial Position — Trade receivables" in this prospectus.

There is no assurance that our customers will be able to meet their payment obligations on time or in full or that our average trade receivable days will not increase. Any inability on the part of our customers to settle or settle promptly the amounts due to us may adversely affect our financial performance and operating cash flow.

Our insurance coverage may not adequately protect us against compensations in connection with industrial accidents at our production facilities

Due to the nature of our operations, we are subject to risks of our employees being exposed to industrial-related accidents at our production facilities. For each of the three years ended 30 June 2017, there were 18, 15 and 11 work injuries recorded in our Shenzhen Factory. For details, please refer to the paragraph headed "Business — Work Safety" in this prospectus.

There can be no assurance that industrial accidents, whether due to malfunction of machines or other reasons, will not occur at our production facilities in the future and that any compensation to be paid by us will be fully covered by our insurance policy. Under such circumstances, we may be subject to employees' compensation claims. If we are found to be liable and a substantial amount of damages was awarded by the court against us or a substantial amount of penalty is imposed by the governmental authority on us while the insurance coverage maintained by us is not able to cover such payment, we may have to pay out from our own resources for any uninsured loss, damages and liabilities. Our business, financial condition results of operation and reputation may therefore be adversely affected.

Our works are labour intensive. If we experience any shortage of labour, industrial actions, strikes or material increase in labour cost, our operations and financial results would be adversely affected

We rely on a stable workforce to carry out our production. In particular, we require a large number of workers with various skills and expertise. During the peak seasons namely from June to September for each year, our total number of employees could be over 1,000. According to the Frost & Sullivan Report, with the acceleration of urbanisation and the increase in minimum wage level, the labour cost in the PRC has shown sharp growth in the recent several years. The index of average wages increased from 111.9 in 2012 to 162.8 in 2016. For details, please refer to the paragraph headed "Business — Our Employees" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage of labour, industrial actions, strikes or material increase in labour cost. Nevertheless, in view of the current situation in the labour market, we cannot assure you that we will not experience these problems in the future, and as a result, we would have to offer better remuneration packages and other benefits to attract and retain key personnel and skilled labour. There can be no assurance that we will possess sufficient resources for such purpose. If we cannot retain or recruit sufficient number of skilled workers to handle our production in a timely manner, we may experience delay in delivery of our printing products and our ability to handle future purchase orders would in turn be significantly reduced.

Our business is susceptible to fluctuations in purchase prices of our principal raw materials used in our production

Our profitability depends to a large extent on our ability to anticipate and react to changes in purchase prices of our principal raw materials. Our total purchase of raw materials for production of our printing products accounted for approximately 58.1%, 62.8% and 58.8% of our total cost of sales for each of the three years ended 30 June 2017, respectively. Our principal raw material used in our production is paper, the total purchase of which represented approximately 89.0%, 88.2% and 86.4% of our total purchase of raw materials for production of our printing products for each of the three years ended 30 June 2017, respectively.

According to the Frost & Sullivan Report, the price index of paper slightly decreased from 95.6 in 2012 to 94.9 in 2013 and then slightly increased to 97.0 in 2016, while the price index of ink slightly increased from 87.4 in 2012 to 91.1 in 2015 and then slightly decreased to 89.8 in 2016. Please refer to the paragraph headed "Financial Information — Description of Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of sales — Sensitivity analysis" for a sensitivity analysis of the estimated increase/decrease of the profit before tax in relation to the percentage changes to the material cost assuming all other factors remain unchanged.

The availability of our principal raw materials can fluctuate and is subject to factors beyond our control such as general economic conditions and government regulations, and our suppliers may be affected by factors such as rising labour cost and other expenses which may be passed on to us. There can be no assurance that we will be able to accurately anticipate and react to the changes in prices of our principal raw materials, or that we will be able to pass on the increased purchase cost of our raw materials to our customers. Should we fail to manage effectively, our business and results of operations may be adversely affected.

We may face shortage in supply of our principal raw materials used in our production

It is necessary for us to obtain raw materials on a timely basis in order to meet the demand of our customers. Save and except a master supply agreement signed with a supplier of NFC technology products in Norway on our exclusive right to distribute our printing products incorporated with their NFC technology products to certain customer brands in Hong Kong and Macau, we did not enter into any master long-term contract or framework agreement with our suppliers during the Track Record Period and up to the Latest Practicable Date. We maintain a minimum but sufficient inventory level of principal raw materials that are frequently used in the production process based on historical consumption because our Directors believe that our principal raw material, namely paper , is readily available.

Nevertheless, there can be no assurance that we will continue to be able to secure a stable supply of principal raw materials at competitive prices in a timely manner or at all in the future. In the event that we are unable to do so or we experience shortage of principal raw materials we need, our production may be disrupted and our delivery schedule may be delayed. Our business, results of operations and reputation may be adversely affected as a result.

We depend on third party suppliers for our raw materials with acceptable quality and standards

The success of our business depends on our ability to obtain quality raw materials at commercially acceptable prices and terms and in a timely manner. Our customers generally require certain restricted or hazardous substances in the materials of our printing products shall be below a certain prescribed amount. Such requirements differ from customer-to-customer and from product-to-product. In the event that the raw materials supplied to us fail to satisfy the quality requirements, including the requirements in relation to certain restricted or hazardous substances, and we fail to discover such defective quality of raw materials, our customers may reject to accept delivery of our printing products, which may result in claim of damages from our customers and materially and adversely harm our reputation, financial condition and operating results. Further, even if we are able to discover such defective quality of raw materials but fail to secure alternative sources of quality raw materials at acceptable prices and in a timely manner, we may experience delay in product delivery, which may also result in claim of damages from our customers and adversely harm our reputation, financial condition and operating results.

The properties in which we carry on our operations are leased properties. We are exposed to risks associated with the commercial real estate rental market

All the properties occupied by us for our operations, including our Shenzhen Factory and office premises are leased from the Independent Third Parties. Accordingly, we are susceptible to rental fluctuation from time to time. Rental expenses, management fee, government rent and rates but excluding water, gas and electricity charges) accounted for approximately 3.3%, 3.0% and 3.0%, respectively, of our total revenue for each of the three years ended 30 June 2017. In the event that there is any significant increase in rental expenses for our existing leased properties, our operating expenses and pressure on our operating cash flow will increase. Our business and results of operations may therefore be adversely affected. In addition, there can be no assurance that we will successfully renew the lease agreements for our Shenzhen Factory and office premises on commercially acceptable terms, or at all as renewal is subject to factors beyond our control, such as economic conditions and market demand.

We need additional capital to fund our future plans, which we may not be able to obtain on acceptable terms, or at all

We may need additional capital to fund our capital expenditure associated with our future plans. For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. There can be no assurance that we will generate sufficient cash flow from our operating activities for our intended future plans. In the event we do not have such operating cash flow, we will need to obtain alternative financing. There can be no assurance that we will be able to obtain adequate financing on acceptable terms, or at all. Our ability to obtain additional capital on acceptable terms will be subject to a variety of uncertainties, including:

— investor perceptions of and appetite for securities of companies engaged in the printing business;

— conditions in the capital and financial markets in which we may seek to raise funds;

— our future cash flows, financial condition and results of operations; and

— economic, political and other conditions in Hong Kong and the PRC.

We may be required to scale down our planned capital expenditures, which may adversely affect our ability to achieve economies of scale and implement our growth strategy. If we raise additional funds, our interest and debt repayment obligations will increase. The terms of any future debt facilities may also impose restrictive covenants that may restrict our business and operations. Financing in the form of equity may also result in dilution of shareholding of our existing Shareholders. Our inability to raise additional funds in a timely manner and on favourable terms may have a material adverse effect on our business, financial condition and results of operations.

We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results

The success of our business has been, and will continue to be, heavily dependent upon the continuing service of our executive Directors and senior management team. In particular, we rely on the expertise and experience of Mr. Peter Chan, our founder, Chairman and executive Director, Mr. Kenneth Chan, our chief executive officer and executive Director, Mr. Chan Chi Ming and Mr. Desmond Chan, both our executive Directors. They have been key members of our management team and playing a pivotal managerial role in areas such as overseeing our corporate strategy and operational management. If one or more of our executive Directors or members of senior management is/are unable or unwilling to continue in their present positions, we might not be able to identify suitable replacements in a timely manner, or at all. Our business may hence be severely disrupted and our financial condition and operating results may be materially and adversely affected.

The operations of our production facilities may be disrupted which would adversely affect our operations and financial condition

Our revenue is dependent on the smooth and continuous operations of our production facilities. Our production is subject to risks including, among other things, the breakdown, failure or sub-standard performance of machines and equipment, natural disasters, and the need to comply with all applicable laws, regulations and standards such as environmental compliance in the PRC. The occurrence of any material operational problems at our production facilities in the future may have a material adverse effect on our business, financial condition and operating results.

We may not be able to continuously maintain an effective quality control system at our production facilities, and any failure or deterioration of our quality control system would adversely affect our operations and financial condition

The quality of our printing services is critical to the success of our business. Our product quality depends significantly on the effectiveness of our quality control systems, which, in turn, depends on a number of factors, including the effective implementation of our quality control policies and guidelines by our quality control department. Any significant failure or deterioration of our quality control systems could seriously damage our product quality and have a material adverse effect on our reputation in the market among current or prospective customers, which could in turn lead to fewer purchase orders in the future, and harm our financial condition and operating results.

We rely on our information management systems, the breakdown or disruption of which would adversely affect our operations and financial results

We rely on our information management systems to oversee our production progress, manage our working schedule, allocate our resources and review our performance, which enables us to review our capacity, trace the information of the purchase orders and assess our working progress in a timely and systematic manner. Any long term breakdown or failure of our information management systems, whether as a result of human error or natural disaster, may materially and adversely affect our operations and financial results.

We have records of non-compliance with certain Hong Kong and the PRC regulatory requirements which could lead to the imposition of fines

There have been a number of instances of non-compliance with certain Hong Kong and the PRC regulatory requirements on various occasions by our Group. These include, among others: non-compliances with (i) the Social Insurance Law of the PRC; (ii) the Regulations on the Administration of Housing Provident Fund; (iii) the Special Equipment Safety Law of the PRC; (iv) the Regulations of Management of Licenced Safety Officers in Guangdong Province; (v) the Predecessor Companies Ordinance and the Companies Ordinance; and (vi) the Mandatory Provident Fund Schemes (General) Regulation. For details, please refer to the paragraph headed ‘‘Business — Legal Proceedings and Legal Compliance — Legal compliance’’ in this prospectus.

There is no assurance that the relevant authorities would not take any enforcement action against our Group and our Directors in relation to these non-compliance matters. In the event that such enforcement action is taken, our reputation, cash flow and results of operations may be adversely affected.

We may be subject to tax penalty

For the Track Record Period, the financial information of Tung Pak according to its statutory financial statements was different from its financial information included in the Accountants' Report set forth in Appendix I to this prospectus as a result of certain adjustments made to the statutory financial statements of Tung Pak. For those adjustments in relation to Tung Pak, we have verbally notified the relevant China tax authority and started the self-inspection reporting procedures for the three years ended 31 December 2014, 2015 and 2016.

There is no assurance that Tung Pak must be able to obtain a waiver of the tax penalty even if Tung Pak performs a self-inspection reporting to the PRC tax authority. The maximum amount of tax penalty that may be imposed on our Group under the relevant tax rules in the PRC in the event that the wavier is not granted by the China tax authority is five times of the amount of taxes unpaid or underpaid, amounting to RMB10.3 million, RMB6.8 million and nil (there is no tax unpaid or underpaid for the year ended 30 June 2017) for the three years ended 30 June 2015, 2016 and 2017, respectively.

For details (in particular the view and basis of our Tax Advisor on this matter), please refer to the paragraph headed "Financial Information — Description of Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income tax expense" in this prospectus.

We are in the process of applying for registration of our trademarks and there may be a risk of infringement and passing-off (common law rights). In addition, we may not be able to prevent others from unauthorised use of our intellectual property, which could harm our business and competitive position

Our future success depends in part upon our proprietary intellectual property rights. We consider that our trademarks are critical to our success and competitive position. As at the Latest Practicable Date, we have registered four trademarks in Hong Kong. We are in the process of applying for registrations of three trademarks in Hong Kong and 16 trademarks in China.

We seek to protect our intellectual property rights through registered trademarks. It is possible that any trademarks being applied for registrations by us may be challenged, invalidated, refused or rejected, and there may be a risk of infringement and passing-off (common law rights) of intellectual property rights held by third party. Even if the trademarks are registered, there can be no assurance that such trademarks will provide us with competitive advantages or adequately safeguard our proprietary rights.

Any litigation regarding intellectual property could be costly and time consuming and could divert our management and key personnel from our business operations. In addition, any intellectual property litigation involves significant risks. If there is a successful claim of intellectual property infringement and/or passing-off based on unregistered common law rights against us, we might be required to pay substantial damages to the party claiming infringement and/or passing-off and refrain from further use of such trademark. Any intellectual property litigation or successful claim could have a material adverse effect on our business, results of operations or financial condition.

The termination of the master supplier agreement between us and a supplier of NFC technology products may have an adverse influence on our future performance and profitability

As at the Latest Practicable Date, we have entered into a master supply agreement with a supplier of NFC technology products in Norway on our exclusive right to distribute our printing products incorporated with their NFC technology products to certain customer brands in Hong Kong and Macau. Pursuant to the said agreement, among other terms, we need to satisfy the minimum purchase commitment in order to maintain such exclusive right. For further details of the major terms of the said agreement, please refer to the paragraph headed "Business — Our Suppliers and Raw Materials" in this prospectus.

There is no assurance that we will be able to meet the minimum purchase commitment stipulated in it, and if we fail to do so, we may lose our exclusive right. There is also no assurance that the master supply agreement would be renewed or extended upon expiry. If it is not renewed or extended, and we are unable to identify suitable alternative supplier, we may not be able to provide the relevant value-added information technology-related services to our customers, and so adversely affecting our printing services. We may suffer loss in orders from customers and in turn may affect our business performance and profitability.

We are exposed to risks of obsolete and slow-moving inventory which may adversely affect our financial position

The amount of our inventory as at 30 June 2015, 2016 and 2017 was approximately HK$26.0 million, HK$30.2 million and HK$16.5 million, respectively. For each of the three years ended 30 June 2017, our average inventory turnover days was approximately 36.0 days, 53.7 days and 44.4 days, respectively and no inventory has been written off during the Track Record Period.

Our provisions of printing services are made on the basis of individual purchase order placed by our customers and we did not enter into any master long-term contract or framework agreement with our customers during the Track Record Period and up to the Latest Practicable Date. After completion of the purchase orders, our customers are not obliged to engage us for any further printing services.

The demand of our printing services is highly dependent on our customers' demand, which is beyond our control, and is also subject to seasonal fluctuation.

Therefore, there is no assurance that we will be able to retain these customers or that they will maintain their current level of business with us.

If we fail to secure sufficient purchase orders from our customers in the future, the volume of obsolete and slow-moving inventory, in particular the raw materials, may increase and we may need to either sell off such inventory at a lower price or write off such inventory, in the event of which our financial position and results of operations may be materially and adversely affected.

RISKS RELATING TO THE PACKAGE PRINTING INDUSTRY

We may face intense competition in the package printing industry and we may not be able to respond to such competition strategically

With the support of the Frost & Sullivan Report, our Directors consider that our main competitors in the Hong Kong printing industry are those printing companies with established operating history and production capacity and who strive for high quality printing services, and the competition is intense. Intense competition may exert pressure on the price and profitability of our printing services and there can be no assurance that we will be able to continue to effectively compete against such competitors in terms of service offering and quality, pricing, delivery schedule, scale, production capacity and technological expertise. Should we fail to respond strategically and compete successfully in the future, our business and results of operations may be materially and adversely affected.

General market downturn may result in reduction in demand for our printing services and intensified competition

Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. During the Track Record Period, our printing services can be broadly categorised into (i) packaging printing services which cover, among others, corrugated boxes, gift boxes, card boxes and product boxes; (ii) booklet printing services which cover, among others, instruction manuals, hardback books and booklets; (iii) card printing services which cover, among others, colour cards, insert cards, warranty cards and plain cards; and (iv) other printing services which cover, among others, stickers, colour papers, yupo papers, red packets and paper bags, which were used in the markets of various consumer products as well as for the purposes of promotion, advertising and education.

During the periods of economic downturn, consumer spending is generally lower, which may result in a reduced demand in the products of our customers. Such fall in demand may in turn reduce the demand of our printing services by our customers. When consumer sentiment remains conservative, there can be no assurance that our customers will continue to maintain their market supply in normal volumes, resulting in a decrease in purchase orders we may obtain. Such a general market downturn could result in not only a reduction in demand for our printing services, but also intensified competition. Under such circumstances, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

Hong Kong is the principal market where our printing services are provided to and our business is susceptible to any material deterioration in the economic, political and regulatory environment in Hong Kong

Our customers comprised, among others, wholesalers of home furnishings and housewares, OEM manufacturers specialising in electrical household appliances, company engaging in distribution and resale of packaging equipment, facility supplies and paper, promotion and products design and development company, marketing services company, toy products manufacturer and company providing loyalty programme, strategic marketing and advertising services, stationed in Hong Kong, U.S. and Netherlands. For each of the three years ended 30 June 2017, our revenue attributable to our customers in Hong Kong accounted for approximately 77.8%, 61.5% and 64.1% of our total revenue, respectively.

We expect that Hong Kong will continue to be our principal market. Accordingly, if Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on our major customers or on our industry in general, our business and results of operations would be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The PRC economic, political and social conditions, as well as government policies, could adversely affect our business, financial condition and results of operations

A substantial part of our businesses, assets and operations are located in or derived from our operations in the PRC. As a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. The PRC government exerts substantial control over the growth of the domestic economy by means of resource allocation, setting policy on foreign exchange and payment of debts denominated in foreign currencies, setting monetary policy and giving preferential treatment to specific industries or companies. In recent years, the PRC government has implemented market-oriented reforms. Such economic reform measures could be adjusted or revised and may differ between industries or various regions in the PRC. As such, we may not benefit from such measures. Further, there can be no assurance that the PRC government will continue to pursue economic reforms and we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on our current or future business. Even if new policies may benefit our business in the long term, we cannot assure you that we will be able to successfully adjust to such policies. The PRC is one of the fastest-growing economies in the word in recent years, in terms of gross domestic product. Nevertheless, the PRC may fail to sustain such growth rate, and growth rates in recent periods have been lower in the past. If there is a slowdown in the economic growth of the PRC or if its economy experiences a recession, demand for our products may also decrease and our business, financial condition and results of operations may be materially and adversely affected.

The payment of dividends by our operating subsidiary in the PRC is subject to restrictions under the PRC laws

We operate a substantial part of our core business mainly through our operating subsidiary, Tung Pak, in the PRC. The PRC laws require that dividends to be paid only out of profit after tax, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. The PRC laws require the PRC companies, including foreign-invested enterprises, to set aside 10% of their profit after tax as statutory reserves until the accumulated statutory reserves account for 50% of the registered capital of the PRC companies. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund our operations and to service our indebtedness depends on dividends received from our PRC subsidiary, any restrictions on the availability and usage of our major source of funding may impact our ability to fund our operations and to service our debts.

Dividends from our PRC subsidiary paid to us might not qualify for the reduced PRC withholding tax rate under the special arrangement between Hong Kong and the PRC

Under the EIT Law and its implementation rules, a non-resident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in the PRC but the income has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside the PRC at the reduced rate of enterprise income tax of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC. Pursuant to the Interim Administrative Measures for Source-Based Withholding of EIT on Non-resident Enterprises《非居民企業所得稅源泉扣繳管理暫行辦法》, which was promulgated on 9

January 2009 and became effective on 1 January 2009, source-based withholding shall be applied to equity investment earnings such as dividends and bonuses and other kinds of taxable income earned by non-resident enterprises from sources in the PRC and the withholding obligors are the entities or individuals that have the direct obligation to make relevant payment to the non-resident enterprises pursuant to relevant laws or the agreement reached in relevant contracts. Pursuant to a special arrangement between Hong Kong and the PRC, the withholding tax rate is lowered to 5% if a Hong Kong resident enterprise is the beneficial owner of more than 25% of a PRC company distributing the dividends. According to the Announcement on the Administrative Measures for Non-resident Taxpayers to Enjoy the Treatment Under Tax Treaties《非居民納稅人享受稅收協定待遇管理辦法的公告》, or the 2015 Administration Measures, which was promulgated by the SAT on 27 August 2015 and became effective on 1 November 2015, prior approval from or filings with SAT is no longer required before a non-resident taxpayer can enjoy the tax preferential treatment under the relevant treaties. A non-resident taxpayer may enjoy the tax preferential treatment at the time of tax return filings or withholding and declaration through a withholding agent if it is eligible for the tax preferential treatment under the relevant provisions of a tax treaty, subject to the follow-up administration by the relevant tax authority. In order to enjoy the tax preferential treatment, the non-tax resident shall file documents as required by the 2015 Administration Measures with tax authority when filing tax returns or withholding and declaration through a withholding agent, among which is the tax resident identity issued by the tax authority of the counter party to the treaty. During the follow-up administration, the PRC tax authorities shall verify if the non-resident taxpayer is eligible for the tax preferential treatment, ask for supplemental documents from the non-tax resident or, if the non-resident taxpayer is deemed not eligible for the tax preferential treatment, require the non-resident taxpayer to pay up the non-payment or underpayment of the tax within specified timeframe. Moreover, according to the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements 《國家稅務總局關於執行稅收協定股息條款有關問題的通知》issued by the SAT on 20 February 2009, if the main purpose of an offshore arrangement is to obtain preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. There is no assurance that the PRC tax authorities will recognize and accept the 5% withholding tax rate on dividends paid by our PRC subsidiary and received by our Hong Kong subsidiaries.

The legal system of the PRC is not fully developed, and there are inherent uncertainties which may affect the protection afforded to our business and shareholders

Our business and operations, especially the manufacturing parts, are primarily conducted in the PRC and are thus governed by the legal system of the PRC. The PRC legal system is based on written statutes and their interpretations by the Standing Committee of the National People's Congress. Prior court decisions may be used for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations that had the effect of enhancing the protections afforded to corporate organisations and their governance, as well as various forms of foreign investments in the PRC. Nevertheless, as the PRC legal system continues to evolve rapidly, the interpretation and enforcement of these laws, regulations and rules involves significant uncertainty and different degrees of inconsistency, limiting potentially the available legal protections to our business operations. In addition, the PRC administrative and court authorities have discretion in interpreting and implementing statutory and contractual terms. Depending on the way an application or case is presented to a government agent and on the government agent itself, we may receive less favourable interpretations of laws and regulations than our competitors.

It is therefore difficult to evaluate the outcome of administrative and court proceedings and the actual level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our decisions on the measures and actions to be taken to ensure full compliance. In addition, any litigation in the PRC may be protracted and result in substantial cost to us and diversion of both our resources and attention of our management.

We cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes to existing laws or the interpretation or their enforcement, or the pre-exemption of local regulations by national laws. We cannot therefore assure you that we will enjoy the same level of legal protection in the future, nor such new laws and regulations will not affect our operations, causing adverse effects on our financial condition and results.

Present or future environmental and safety laws and regulations in the PRC may have a material adverse effect on our business, financial condition and results of operations

Our business is subject to certain PRC laws and regulations relating to environmental and safety matters. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. While we have conducted periodic inspections of our operating facilities and carry out equipment maintenance on a regular basis to ensure that our operations are in compliance with applicable laws and regulations, we cannot assure you we will not experience any material accidents or work injuries in the course of our manufacturing process in the future. In addition, our manufacturing process produces pollutants such as wastewater, noise, smoke and dust. The discharge of pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the PRC impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

RISK RELATING TO THE SHARES AND THE SHARE OFFER

There is no prior market for the Shares and the liquidity and market price and the trading volume of the Shares may be volatile

There is no public market for the Shares prior to the Listing. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or its sustainability following completion of the Share Offer. The market price and trading volume of the Shares can fluctuate depending on the following factors:

— variations in our Group's revenue, earnings and cash flows;

— acquisitions made by our Group or our competitors;

— industrial or environmental accidents suffered by our Group;

— loss of key personnel;

— litigation or fluctuations in the market price for the services provided or supplies required by our Group;

— the liquidity of the market for the Shares; and

— the general market sentiment regarding the printing industry.

Both the market price and liquidity of the Shares could be adversely affected by factors beyond our control and are unrelated to the performance of our business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price or at all.

Issuance of new Shares or equity linked securities may cause dilution in shareholding

We may require additional funds due to changes in business conditions or other future developments relating to our existing operations. If additional funds are raised by way of issuance of new Shares or equity linked securities other than on a pro rata basis to existing Shareholders, the shareholding of existing Shareholders may be reduced. Such new securities issued may also confer rights and privileges that take priority over those conferred by the Offer Shares.

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

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

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

Our Controlling Shareholders have significant influence over the operations and business strategies of our Group, and have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interest of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group's business to pursue strategic objectives that conflict with the best interests of other Shareholders, those other Shareholders' interests may be adversely affected as a result.

There can be no assurance that we will declare or distribute any dividend in the future

Any decision to declare any dividend would require the recommendation of our Board and approval of our Shareholders. Any decision to pay any dividend will be made having regard to factors such as the results of operation, financial condition and position, and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and be made available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operation. There can be no assurance that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board.

Investors may experience difficulties in enforcing their shareholders' rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands law on protection of minority shareholders is set out in paragraph 3(f) in Appendix III to this prospectus.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

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

We strongly caution our investors not to unduly rely on any information contained in press articles or other media regarding us and the Share Offer. Prior to the publication of this prospectus, there may be press and media coverage regarding the Share Offer and us. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and our investors should not unduly rely on such information.

Certain facts, forecast and other statistics in this prospectus obtained from publicly available sources have not been independently verified and may not be reliable

Certain facts, forecast and other statistics in this prospectus are derived from various government and official resources. Nevertheless, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, such information has not been independently verified by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Cap. 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

(a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

(b) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

(c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ABOUT THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, 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 Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, and any of their respective directors, agents or advisers or any other person involved in the Share Offer.

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

FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer is an offer of 12,000,000 Shares under the Public Offer (subject to reallocation) and 108,000,000 Shares under the Placing (subject to reallocation and the Over-allotment Option) in each case at the Offer Price. Details of the structure of the Share Offer are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus. This prospectus and the Application Forms relating thereto set out the terms and conditions of the Share Offer.

The Share Offer is sponsored by the Sponsor, lead managed by the Joint Lead Managers and is fully underwritten by the Underwriters subject to the Offer Price being agreed on or before the Price Determination Date, as referred to in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined by agreement between us and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or around Friday, 10 November 2017 and in any event, no later than 5:00 p.m. on Friday, 10 November 2017. The Offer Price will be not more than HK$1.45 per Offer Share and is currently expected to be not less than HK$1.05 per Offer Share, unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.45 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.05 per Offer Share.

The Joint Lead Managers (acting for themselves and on behalf of the Underwriters) may, with consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sunhingprinting.com**, not later than the morning of the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between us and the Joint Lead Managers (acting for themselves and on behalf of the Underwriters) on or before 5:00 p.m. on Friday, 10 November 2017 or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares 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 other jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an unauthorised offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in PRC or U.S., except in compliance with the relevant laws and regulations of each of such jurisdiction.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required under the Share Offer and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restriction on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the Listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the additional Shares which may be issued pursuant to the Capitalisation Issue, exercise of the options that may be granted under the Share Option Scheme and exercise of the Over-allotment Option). No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

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 Listing Date 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 business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Estera Trust (Cayman) Limited, in the Cayman Islands. All Offer Shares will be registered on our Hong Kong branch share register of members to be maintained by Hong Kong Branch Share Registrar which may be traded on the Stock Exchange. Dealings in Shares registered in our Hong Kong branch register of members will be subject to Hong Kong stamp duty. For further details about Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, or purchasing, holding or disposing of, or dealing in or exercise of any rights in relation to the Offer Shares, you should consult an expert.

None of our Company, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors, agents or advisors and every other person involved in the Share Offer accept responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of, or dealing in or exercise of any rights in relation to the Offer Shares.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for application for Public Offer Shares is set out in the section headed "How to Apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

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

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

STOCK BORROWING ARRANGEMENT

Details of the stock borrowing arrangement are set out in the section headed "Structure and Conditions of the Share Offer — Stock Borrowing Agreement" in this prospectus.

TRADING AND SETTLEMENT

Dealings in the Shares are expected to commence on Thursday, 16 November 2017. Shares will be traded in board lots of 4,000 Shares each. The stock code for our Shares is 1975.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the Listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this English prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

EXCHANGE RATES CONVERSION

For exchange rates translations throughout this prospectus (if any), we make no representations and none should be construed as being made, that any of the Hong Kong dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Chan Peter Tit Sang (陳鐵生)	B2, 8/F Park Place 7 Tai Tam Reservoir Road Hong Kong	Chinese
Mr. Chan Kenneth Chi Kin (陳志堅)	Flat B, 19/F Pinecrest 65 Repulse Bay Road Repulse Bay Hong Kong	Chinese
Mr. Chan Chi Ming (陳志明)	Flat C, 21/F Tung Shan Mansion Taikoo Shing Hong Kong	Chinese
Mr. Chan Chun Sang Desmond (陳春生)	Flat H, 21/F, Tower 2 Belvedere Garden Phase 1 Tsuen Wan New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. Ng Sze Yuen Terry (吳士元)	House 116 The Portofino 88–188 Pak To Avenue Clear Water Bay Sai Kung New Territories Hong Kong	Chinese
Dr. Chu Po Kuen Louis (朱譜權)	Flat H, 10/F Skyline Mansion 51 Conduit Road Hong Kong	Chinese
Mr. Ho Yuk Chi (何毓贄)	Flat 4B, Block 21 Bayview Terrace 107 Castle Peak Road Tuen Mun New Territories Hong Kong	Chinese

Please refer to the section headed "Directors, senior management and staff" of this prospectus for further details.

PARTIES INVOLVED

Sponsor	**Kingsway Capital Limited** *A corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities* 7/F, Tower One Lippo Centre 89 Queensway Hong Kong
Joint Bookrunners and Joint Lead Managers	**Great Roc Capital Securities Limited** *A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities* Suite 1601–1603, 16/F, West Tower, Shun Tak Centre 168–200 Connaught Road Central Central Hong Kong
	Kingsway Financial Services Group Limited *A corporate licensed under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities* 7/F, Tower One Lippo Centre 89 Queensway Hong Kong
Co-Managers	**Oceanwide Securities Company Limited** *A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities* 18/F-19/F, China Building 29 Queen's Road Central Hong Kong
	KGI Capital Asia Limited *A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities* 41/F, Central Plaza 18 Harbour Road Wanchai Hong Kong

Legal advisers to our Company	*as to the Hong Kong Law* **Deacons** 5/F, Alexandra House 18 Chater Road Central Hong Kong *as to the Cayman Islands Law* **Appleby** 2206–19 Jardine House 1 Connaught Place Central Hong Kong *as to the PRC Law* **Beijing Dentons Law Offices, LLP (Shenzhen)** 3F & 4F, Block A Shenzhen International Innovation Center No. 1006, Shennan Boulevard Futian District Shenzhen China
Legal advisers to the Sponsor and the Underwriters	*as to the Hong Kong Law* **David Fong & Co.** Unit A, 12/F China Overseas Building 139 Hennessy Road Wan Chai Hong Kong *as to the PRC Law* **JunHe LLP** Suite 1301, 13/F E Building G.T. Land Plaza No. 13 Zhujiang East Road Zhujiang New Town Tianhe District Guangzhou China
Reporting accountants	**Ernst & Young** 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong *(Certified Public Accountants)*

Internal control consultant	**Baker Tilly Hong Kong Risk Assurance Limited** 2nd Floor 625 King's Road North Point Hong Kong
Compliance adviser	**Kingsway Capital Limited** *A corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities* 7/F, Tower One Lippo Centre 89 Queensway Hong Kong
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong
Property valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Hong Kong

Registered office in the Cayman Islands	P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal office of business in Hong Kong registered under Part 16 of the Companies Ordinance	4/F, Sze Hing Industrial Building 35–37 Lee Chung Street Chai Wan Hong Kong
Company's website	http://www.sunhingprinting.com *(information on the website does not form part of this prospectus)*
Company secretary	Ms. Ng Yin Ting Joyce (吳燕婷) *HKICPA* Flat E, 19/F, Block 1 The Wings Phase 1 Tseung Kwan O New Territories Hong Kong
Authorized representatives	Mr. Chan Kenneth Chi Kin (陳志堅) Flat B, 19/F Pinecrest 65 Repulse Bay Road Repulse Bay Hong Kong Ms. Ng Yin Ting Joyce (吳燕婷) *HKICPA* Flat E, 19/F, Block 1 The Wings Phase 1 Tseung Kwan O New Territories Hong Kong
Audit Committee	Mr. Ng Sze Yuen Terry (吳士元) *(Chairman)* Dr. Chu Po Kuen Louis (朱譜權) Mr. Ho Yuk Chi (何毓贄)
Remuneration Committee	Dr. Chu Po Kuen Louis (朱譜權) *(Chairman)* Mr. Ho Yuk Chi (何毓贄) Mr. Chan Peter Tit Sang (陳鐵生)

Nomination Committee	Mr. Chan Peter Tit Sang (陳鐵生) *(Chairman)* Mr. Ng Sze Yuen Terry (吳士元) Mr. Ho Yuk Chi (何毓贄)
Cayman Islands principal share register and transfer office	**Estera Trust (Cayman) Limited** P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bank	**Bank of China (Hong Kong)** 29–31 Lee Chung Street Chai Wan Hong Kong **DBS** Units 1201, 1210–18, 12th Floor Miramar Tower, 132–134 Nathan Road Tsimshatsui, Kowloon

The information that appears in this section has been prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any other party involved in the Share Offer.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to provide industry information on package printing industry. We have agreed to pay a fee of HK$480,000 to Frost & Sullivan for the report. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the Frost & Sullivan Report.

In compiling and preparing the research report, Frost & Sullivan conducted primary research including telephone and face-to-face interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. Frost & Sullivan presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. Frost & Sullivan assumed that (i) the social, economic and political environment is expected to remain stable and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2017 to 2021.

ABOUT FROST & SULLIVAN

Frost & Sullivan is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. The Frost & Sullivan Report includes information on data for global package printing market.

OVERVIEW OF GLOBAL PACKAGE PRINTING MARKET

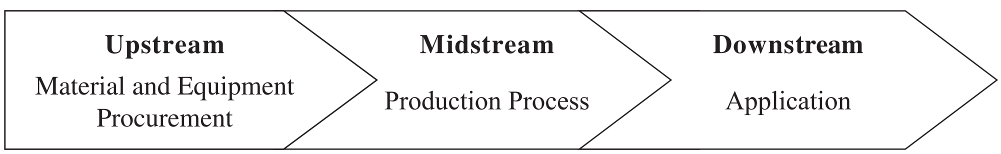
Introduction of package printing

Definition

Package printing refers to the process of reproducing text and images on the packaging materials, including paper, plastics, metal, etc.. Package printing is required for production and sales of consumer goods by incorporating production information (e.g. name, content), label and highlighting the product design with various color and printing effects (e.g. spot ultra-violet, lamination).

Value chain analysis

There are three sectors in the value chain of package printing industry. The chart below sets forth the value chain of package printing industry:



Source: Frost & Sullivan

- **Upstream:** Upstream mainly consists of suppliers who provide equipment and other supplies for printing. Equipment covers printing press, digital printer and their auxiliary accessories.

- **Midstream:** Midstream consists of all types of package printing companies in the industry. As the complementary service manufacturing industry, package printing companies play an important function of bridging the gap between upstream and downstream.

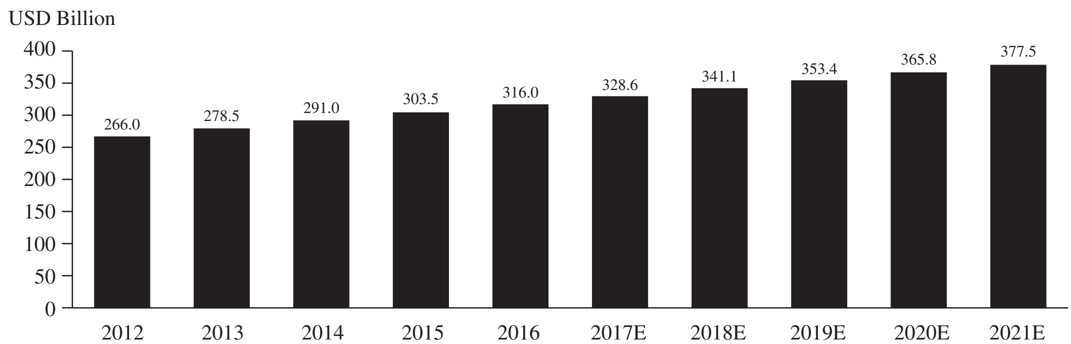
- **Downstream:** The downstream application industries of package printing are extensive, including food and beverage, medical, home appliances, cosmetics, consumer goods and so forth.

Market size of global package printing market

Overall market size

The size of global package printing market in terms of revenue grew from USD266.0 billion in 2012 to USD316.0 billion in 2016, representing a CAGR of 4.4%, and it will keep increasing to reach USD377.5 billion in 2021, representing a CAGR of 3.5% over the period from 2017 to 2021. The chart below sets forth the size of global package printing market in terms of revenue over the period from 2012 to 2021:

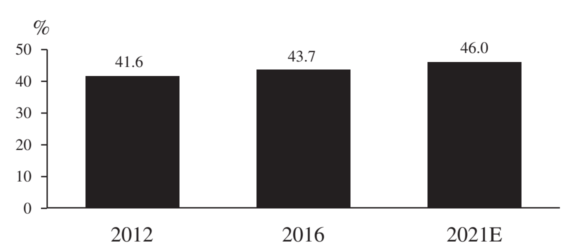
Package Printing Market Size, Global, by Revenue, 2012–2021E



Source: Frost & Sullivan

Package printing has been the largest sector in printing market in the last decade. Packaging is also the most fast-growing sector, as it is positively correlated with some key industries such as fast-moving consumer goods and food industry. Package printing took up a share of 41.6% in the overall printing market in the global range in 2012. This percentage rose to 43.7% in 2016 and is projected to reach 46.0% in 2021. The chart below sets forth the share of package printing in the overall printing market in terms of revenue in the global range in 2012, 2016 and 2021:

Package Printing/Printing, Global, 2012, 2016 & 2021E



Source: Frost & Sullivan

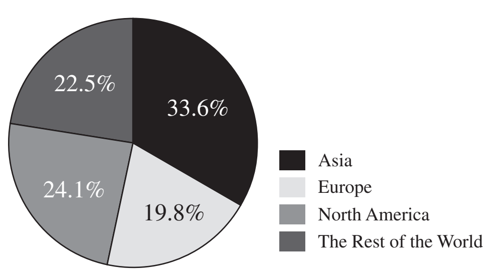
Package printing has a wide range of application fields. Consumer products, promotion, advertising and education are typical traditional markets, while food, cosmetics and medical are relatively new and enjoying increasing proportion in the application of package printing. The fields of food, cosmetics and medical have higher requirements on the sanitation and digitalization level of package printing services. These fields demonstrated faster growth in comparison with the traditional application fields. During the period from 2012 to 2016, the global market size of package printing services in the fields of food, cosmetics and medical in terms of revenue rose from USD67.3 billion to USD88.8 billion, representing a CAGR of 7.2%, while traditional application fields showed a CAGR of 3.4%.

It is expected that the market size of package printing services in the fields of food, cosmetics and medical will reach USD114.5 billion in 2021 with a CAGR of 5.1% over the period from 2017 to 2021, still representing a higher developing speed compared with that of traditional application fields, of which the CAGR is estimated to be 2.9%.

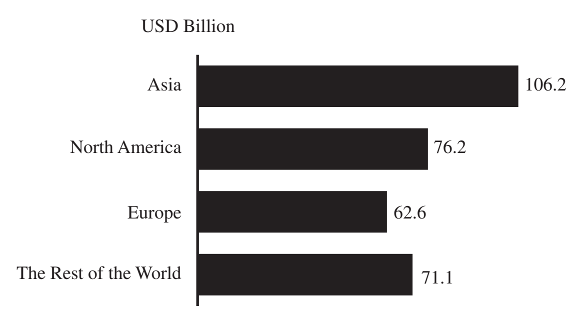
Market size breakdown by key region

In the global range, Asia took up the largest share with the ratio of 33.6% in the package printing market in 2016, while North America was the second largest with an occupying rate of 24.1%, and Europe took up a share of 19.8%. The revenue generated from package printing in the area of Asia totaled USD106.2 billion in 2016, while that of North America, Europe and the rest of the world amounted USD76.2 billion, USD62.6 billion and USD71.1 billion, respectively. The United States was the largest nation-level package printing market in the world, while the PRC was the second largest in the globe but was the largest nation-level package printing market in Asia. The two charts below set forth the global package printing market size breakdown by region in shares and in value, respectively, in 2016:

Global Package Printing Market Size Breakdown by Region (in Shares), 2016



Global Package Printing Market Size Breakdown by Region (in Value), 2016

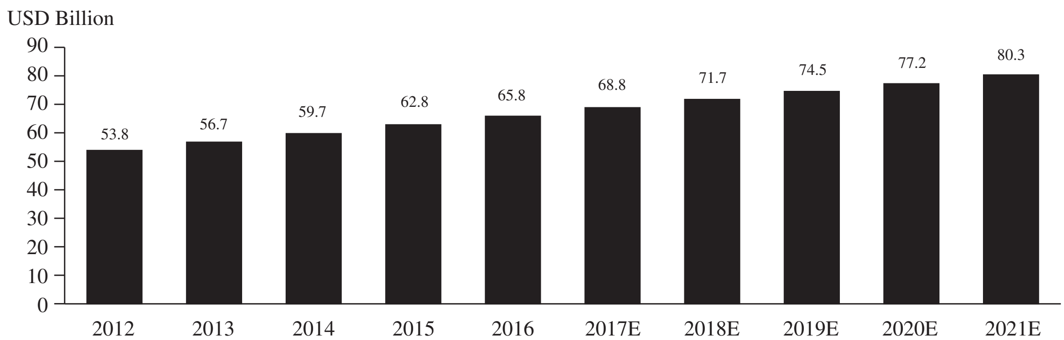


Source: Frost & Sullivan

Market size of package printing in the PRC

Driven by the growing demand for safe and environmental packaging, the market size of package printing in the PRC in terms of revenue grew at a CAGR of 5.2%, rising from USD53.8 billion in 2012 to USD65.8 billion in 2016. It is projected that the market size of package printing in the PRC would still maintain the stable growth rate, with the revenue reaching USD80.3 billion in 2021, demonstrating a CAGR of 3.9% over the period from 2017 to 2021. The growth is likely to be stimulated with the further development of IoT (details of which are set forth in the paragraph headed "Overview of IoT Related Intelligent Packaging Market in the PRC). The chart below sets forth the market size of package printing market in terms of revenue in the PRC over the period from 2012 to 2021:

Market Size of Package Printing, the PRC, by Revenue, 2012–2021E

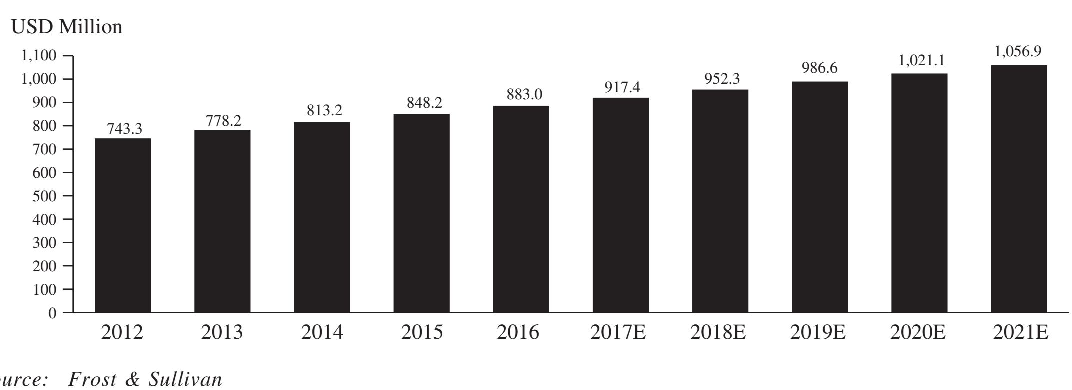


Source: Frost & Sullivan

Market size of package printing in Hong Kong

The market size of package printing in terms of revenue increased from USD743.3 million to USD883.0 million during the period from 2012 to 2016 in Hong Kong, representing a CAGR of 4.4%. Driven by continuous innovation or improvement in technology as well as the increasing demand for packaging, the revenue derived from Hong Kong package printing market is anticipated to grow at a CAGR of 3.6% over the period from 2017 to 2021, reaching USD1,056.9 million in 2021. The chart below sets forth the market size of package printing market in terms of revenue in Hong Kong over the period from 2012 to 2021:

Market Size of Package Printing, Hong Kong, by Revenue, 2012–2021E



Source: Frost & Sullivan

Market drivers

- *Growth in packaging market*

Driven by a number of factors, global packaging market is anticipated to embrace positive growth in the future. Growing urbanisation, investment in housing and construction, the development of retail chains and the burgeoning healthcare and cosmetics sectors tend to drive the demand for packaging, especially in countries like the PRC, India and other emerging economies, thus creating more demand for package printing. Also, the increase in per capita disposable income has fueled the consumption across a broad range of products as for consumers, with subsequent growth in demand for the packaging of these goods.

- *Upgrading in consumption pattern of consumers*

The upgrading in consumption pattern and consumer behavior is also a driver to the development of package printing market. Now, consumers are increasingly focusing on the improvement of living standards and life quality, especially in those developing regions. As for daily consumption, they prefer those goods with more premium packages, indicating higher level of safety and environmental-friendliness of products, which are necessities for the packaging in food, medical and cosmetics area, especially in the developed and mature markets such as the US, Japan, and Western Europe. Consumers have also demonstrated increasing awareness towards the safety and environmental-friendliness of packaging in other areas, including consumer products, promotion, advertising and education. In these markets, packaging that incorporates recycled paper, safe plastics, or other clean technology is viewed positively by consumers, as it serves as an indication of a company's environmental consciousness and attentiveness towards consumer safety. These qualities of product packaging reflect the preferences and ethics of modern consumers, and work to instill greater trust in the product and in the distributing firm. Customers' preference for higher level of safety and environmental-friendliness likely drive the products to be priced higher than the average price, because higher cost is expected on account of clean production and high-standard quality control process, such as the setup of aseptic manufacturing facilities and stricter supervision system. Also, corporate customers prefer using biodegradable printing materials as it would ultimately minimize their operational costs such as the expenditure on waste disposal, and it turns out to be a monetized reward to them. Thus, the higher requirement on the improvement of package printing techniques, equipment and related materials will improve the profitability of the market participants as well as promote the development of package printing industry.

- *Demand for effective marketing from merchants*

The fast-moving market status, especially the market of consumer goods, has raised higher requirement on the marketing activities of merchants due to the keen competition, which contributes to the growth of package printing industry. In order to attract new customers, to expand the customer pool and to attain customer satisfaction, the demand for promotional purposes, including appealing labels and packaging for vendors to improve their marketing activities, is increasing in the market.

Development trends

- *Green package printing*

The concept of "Green Package Printing", where the standards of "Recycling, reusing, and reducing" are emphasized, is a future trend in correspondence with the growing popularity of "Green Package", or "Environmentally friendly Package", or "Ecological Package". It is tendency that more green printing materials will be applied in the package printing industry, including low-VOC (Volatile Organic Chemical) inks, remanufactured printer cartridges, energy-efficient equipment, etc. with the purpose to save resources and to protect the environment.

- *Rising trend of customisation*

With the speedup of replacement of consumer goods as well as the emergence of various startup companies in the packaging industry, personalised or customised package printing services to meet the need of small-quantity orders but with high level of product diversification are in increasing demand. This trend is likely strengthened in package printing industry in the future. It is expected that package printing players have to meet the packaging and labeling needs of many industries and offer multiple innovative customised service categories.

- *Higher level of integration*

The demand from clients has demonstrated both diversification and individualisation. In order to satisfy different needs, it is a growing tendency that the package printing companies try to develop and offer comprehensive service along the supply chain instead of merely providing package printing products. In the coming years, the integrated service chain starting from the consultancy on printing to logistics service may become one main business model of the players, equipping the package printing industry with higher level of integration.

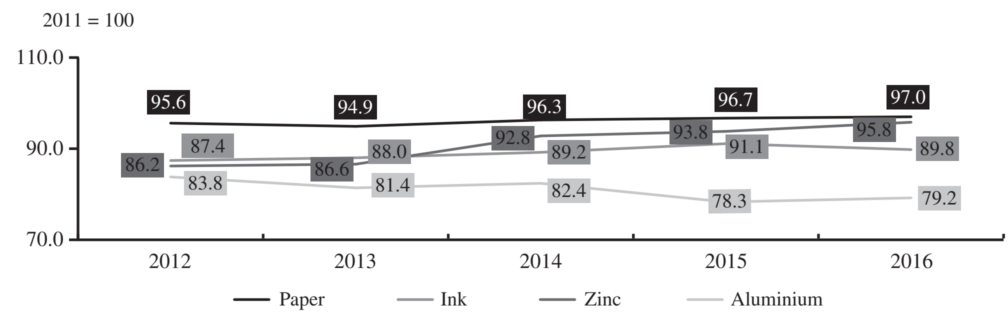
- *Closer connection with the Internet*

As the Internet fuels innovation and development, the integration of package printing with the Internet is supposed to become one future outlook, wherein cloud printing and Internet packaging are two main embodiments. With the help of the Internet, the package printing company is expected to greatly increase its operational efficiency, to lower the costs, to provide better personalised services and to meet diversified needs of clients. The internet drives the transformation of traditional printing industry and is expected to reshape the outlook of the market.

Cost factor analysis

Paper, ink, zinc and aluminium are key raw materials for package printing. During the historical period from 2012 to 2016, the price of paper, zinc and ink has experienced fluctuations in the PRC, while the price of aluminium has demonstrated the trend of stable decline. The chart below sets forth the price index of key raw materials for package printing in the PRC over the period from 2012 to 2016:

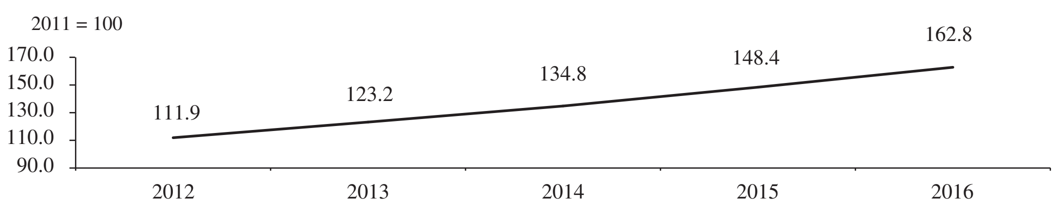
Price Index of Key Raw Materials for Package Printing, the PRC, 2012–2016



Source: Frost & Sullivan

The labor cost in the PRC has shown sharp growth in the recent several years. Based on 2010, the index of average wages in the PRC rose from 111.9 in 2012 to 162.8 in 2016. The chart below sets forth the index of average wages in the PRC over the period from 2012 to 2016:

Index of Average Wages, the PRC, 2012–2016

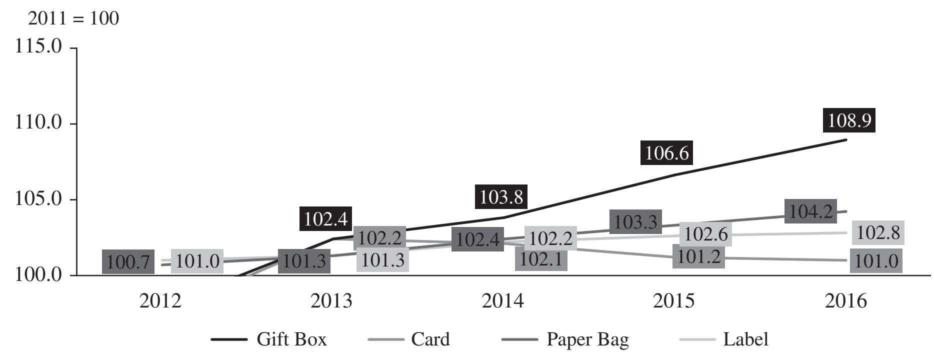


Source: Frost & Sullivan

Price analysis on key finished package printing products

Based on the price of 2011, the price index of the gift box in Hong Kong rose to 108.9 in 2016 from 99.2 in 2012 with a comparatively stable pace, which was the same case for card products. The price index of cards in Hong Kong increased to 101.0 in 2016. Due to the spreading of environmental concept, the demand for paper bags has been in the uptrend. The price of paper bags in Hong Kong has kept growing continuously over the period from 2012 to 2016, rising from 100.7 to 104.2. Labels are necessary for all the products. The price of labels in Hong Kong also demonstrated the tendency of increasing from 101.0 in 2012 to 102.8 in 2016.

Price Index of Key Finished Package Printing Products, Hong Kong, 2012–2016



Source: Frost & Sullivan

Competitive landscape of package printing market in Hong Kong

The concentration ratio of the package printing market in Hong Kong is not high. Top five players altogether took up a share of 18.47% in terms of revenue generated from package printing business in Hong Kong in 2016. The table below shows the revenue and share of the top five players:

Ranking	Company Name	2016 Revenue from Package Printing Market in Hong Kong (HK$ Million)	2016 Share in Package Printing Market of Hong Kong
1	A	357.7	5.22%
2	B	272.2	3.97%
3	C	239.7	3.50%
4	D	217.8	3.18%
5	The Company	178.5	2.60%
	Top 5 Total	1,265.9	18.47%

Note: Exchange rate from USD to HK$ used here is the annual rate of 2016 from Oanda. USD/HK$ = 0.1288.

Source: Frost & Sullivan

It was shown that companies with package printing business scope covering the fields of food, cosmetics, and medical demonstrated higher gross profit margin with a range from 20% to 35% when other package printing companies who just focused on the application in consumer goods, advertising and promotion gifts, electronics and education, performed weaker with gross profit margin ranging from 10% to 20% in 2016. The reasons for high gross profit margin can be explained by the facts that products are produced in dust-free workshops where complex processing craft combined with high technology are applied to improve the performance of products. Thus, the products are priced comparatively higher, finally leading to the stronger profitability of players.

Competitive landscape of the New Market in Hong Kong

The market for package printing in food, cosmetics and medical area is fragmented in Hong Kong with several leading players. Currently, Company A provides corrugated cartons for food and folding packaging for cosmetics, while Company C focuses on medicine packaging. Company B and the Company cover all these three application fields. Food, cosmetics and medical package printing has higher requirements on the printing process than other traditional application fields (e.g. consumer goods, advertising, etc.), including higher hygiene level, more advanced equipment and technical support, thus forming great comparatively higher entry barriers for new entrants.

Players who develop package printing business in food, cosmetics and medical area usually share common features of high financial strength, advanced technical support and strong market integration capability. Having benefited from the sustainable development and stable profitability in the past years, players have accumulated sufficient capital to expand new business in food, cosmetics and medical area. Solid capital allows companies to invest more in improving R&D capabilities, equipment support and high technology adoption. Plus, players also demonstrate strong abilities in integrating various segments to cater for the diversified demands from clients. Integrated service chain starting from package designing and color management to synthesized solutions has become the main business model of players to help themselves maintain sustainable competitive advantage.

Entry barriers

- *Initial investment*

Package printing is a capital intensive industry. A large amount of money is required to be invested in the purchase of equipment facilities and raw materials, establishment of factories, employment of labor and company operation. Therefore, capital reserve is a major problem confronted by new entrants.

- *Client resources*

The current model of customer relationship management of package printing industry is stable in the sense that once the player has signed the contract with its customers, the cooperation may last for a long time, which poses difficulties for the new entrants to attract clients and enter the market. Thus, client resource is another entry barrier for newcomers of the market.

- *Technology*

The demand for package printing products tends to display the characteristics of diversification and customisation, which calls for higher production efficiency and capacity. In order to meet the demand, advanced production facilities with high-tech content are needed. This sets barrier on the way for newcomers to step into the market.

- *Certification obtainment*

Package printing corporations need to acquire necessary certificates to operate the business, such as business license, printing permit, and environmental impact assessment qualification. With the development of downstream applications, the increasing demand for package printing has resulted in market consolidation and thus the increase in industrial concentration ratio, which may indicate higher requirements and stricter standards on the new package printing players in terms of scale, technology, etc.. The obtainment of related certifications is also a challenge as for the new entrants.

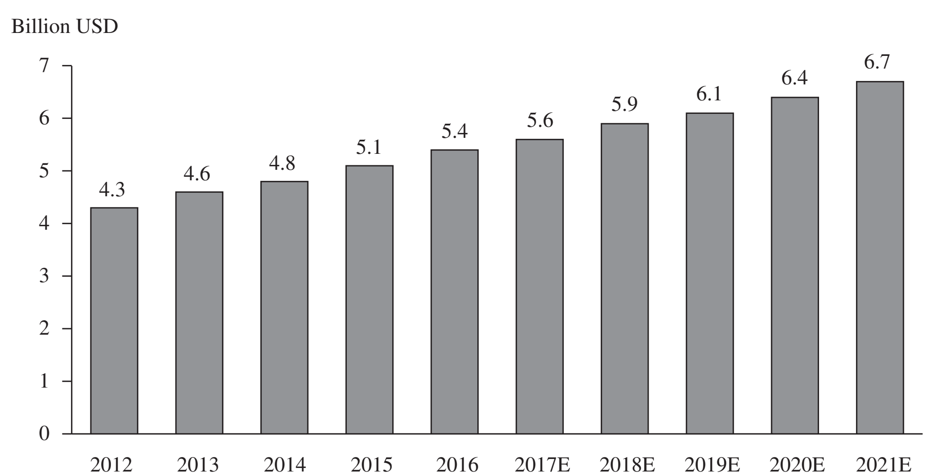
OVERVIEW OF BOOKLET PRINTING

Market Size

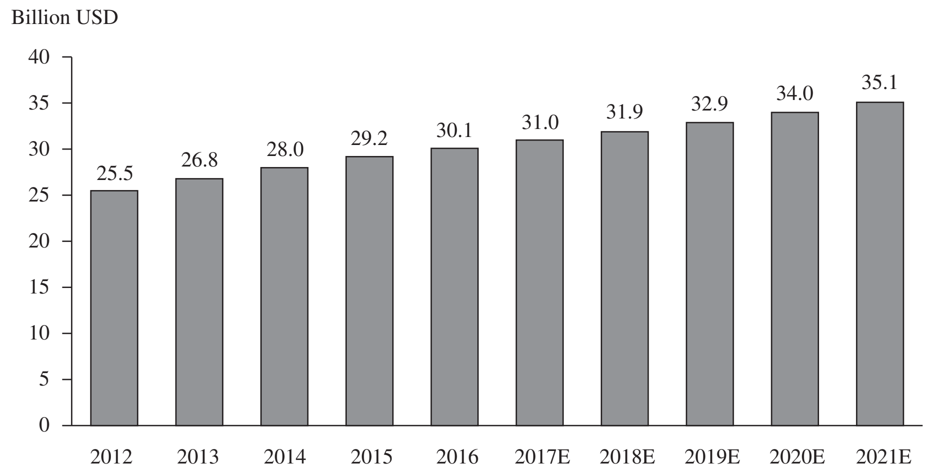
Market size of booklet printing in the PRC has registered a growth from approximately USD4.3 billion in 2012 to USD5.4 billion in 2016, representing a CAGR of 5.8%. Driven by the growing demand for package printing, market size of booklet printing is expected to grow at a CAGR of 5.4% during 2016 to 2021, reaching USD6.7 billion by 2021.

Similarly, market size of booklet printing in global market also registered a growth during 2012 to 2016 at a CAGR of 4.2%. The growing trend is expected to continue at a CAGR of 3.9% during 2016 to 2021.

Market Size of Booklet Printing by Value (The PRC), 2012–2021E



Market Size of Booklet Printing by Value (Global), 2012–2021E



Source: Frost & Sullivan

Market Trend and Outlook

Key trend of booklet printing market in the PRC includes (i) higher level of customisation as customers may incorporate innovative design with different shape and printing effect such as lamination into booklet, (ii) rise of requirement and quality of printing as booklets are generally smaller in size and some instructions, safety logo and disclaimers are requires to print clearly on booklet for packaged product and (iii) timely production and delivery as booklet are considered as necessity for packaged product such as consumer goods. Some large-scale printing companies may also provide advisory service to customers on booklet design and source of materials such as specialty paper, strings and other accessories. The growth of booklet printing market is highly associated with package printing which is mainly driven by increasing demand for consumer products.

Competitive Landscape

Similar to package printing, the market of booklet printing in Hong Kong and the PRC are fragmented and featured with different level of players. In general, majority of sizable package printing companies in the PRC are capable of undertaking booklet printing and produce booklet as part of the deliverables to their customers. The market competition is expected to become more fierce as other printing companies such as those engaged in business printing and publications printing are also capable of producing booklet. Small printing companies may undertake printing order for booklets in a relatively small volume and mainly target local customers. Entry barriers of booklet printing include (i) relationship with key customers, (ii) production capability and (iii) technical knowledge towards printing.

OVERVIEW OF IOT RELATED INTELLIGENT PACKAGING MARKET IN THE PRC

Introduction of IoT

International Telecommunication Union (ITU) defined Internet of Things (IoT) as a global infrastructure for the information society, enabling advanced services by interconnecting physical and virtual objects based on existing and evolving interoperable information and communication technologies. Alternatively, IoT may refer to the internetworking for intelligent identification, positioning, tracking, monitoring and management of target objects, mainly through exchange of information and communication between such targets and internet via information sensing devices under predetermined protocol.

Below sets forth the architecture of IoT, which generally comprises perception, network and application layers.

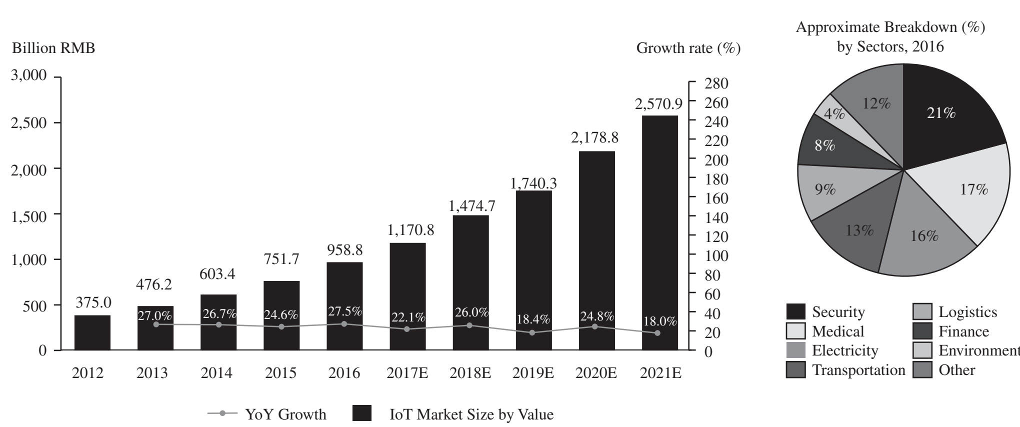
		Technologies involved
Perception Layer	With the use of perception devices such as sensors, chips and communication modules, information of object such as identity, location could be collected, processed and aggregated for subsequent transmission through network.	• Identification technologies (e.g. RFID, QR code, NFC) • Sensor (e.g. GPS)
Network Layer	Network layer connects devices in perception layers and transmit the collected information from the sensory devices to application layer for further processing.	• Mobile wireless network • Dedicated network (e.g. for electric power, railway users)
Application Layer	Using the information collected from perception layer, application layer integrates information collected from various systems, applications, and provides information required by customers, which include status of the target object.	• Cloud computing • Data mining • Artificial intelligence

Source: Frost & Sullivan

Market size of IoT in the PRC

With the supportive policies issued by PRC government, rapid urbanization and trending smart devices, IoT market size in terms of value in PRC has demonstrated a robust growth from RMB375.0 billion in 2012 to RMB958.5 billion in 2016, representing a CAGR of 26.4%. During 2017 to 2021, IoT market size in PRC is estimated to increase at a CAGR of 21.7%, reaching RMB2,570.9 billion in the year of 2021 due to further penetration of IoT related technology in various sectors as well as higher user acceptance. Security is estimated to be the largest sector of IoT application in PRC market, followed by medical, electricity and transportation.

IoT Market Size by Value (PRC), 2012–2021E



Source: Frost & Sullivan

Market drivers of IoT market in the PRC

- *Supportive policies from the PRC government*

IoT received a great support from the PRC government and specific policies and plans had been issued. For instance, followed by the release of the Development Program of Internet of Things in the 12th Five Year Plan Period (《物聯網"十二五"發展規劃》) by the Ministry of Industry and Information Technology (國家工業和信息化部) in 2011, the National Development and Reform Commission (國家發展和改革委員會) (NDRC) has also published the Guidance on Promoting the Orderly and Healthy Development of IoT (《推進物聯網有序健康發展的指導意見》) in 2013 and Ten IoT Development Action Plan (《十個物聯網發展專項行動規劃》) were published in 2014. Recently, the Ministry of Industry and Information Technology and NDRC jointly announced the Special Action for Innovation and Development of Intelligent Hardware Industry (《智能硬件產業創新發展專項行動 (2016–2018年) 》) in September, 2016. Moreover, The 13th Five-Year Plan (《"十三五"發展規劃》) highlighted the development plan for cloud computing and IoT. Thus, with the supportive plans from the government, enterprises are encouraged to invest in the research and development as well as application, resulting in further development of IoT market in the PRC.

- *Rising domestic demand*

The rapid development and transformation of economy in the PRC has boosted the demand for consumer goods and related manufacturing, inventory management, distribution and transportation. Therefore, the effective monitoring and management of workflow and process become increasingly important for business owners. The emergence of IoT technology allows owners and operators to set up a tracking system, mainly via application of networked sensors such as RFID labels to consumer goods. Given the benefits of IoT application on system management and cost reduction, it is expected that there is a likelihood of rising IoT penetration and thus overall growth of IoT market in the PRC in future.

- *Accelerated urbanisation*

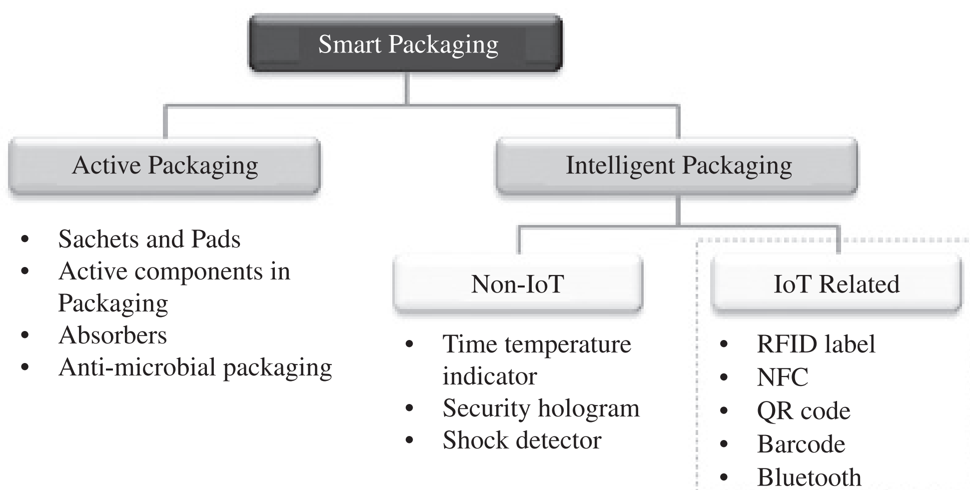
In line with the economic growth, urbanisation are taking place in the PRC at a fast pace during the past few years. According to International Monetary Fund, the urbanisation rate in the PRC has increased from 52.6% in 2012 to 57.3% in 2016. With the announcement of Suggestions on Promoting New-type Urbanisation Construction Work (《關於深入推進新型城鎮化建設的若干意見》) in 2016 by The State Council (國務院), the urbanisation in the PRC is expected to grow further. The rapid transformation to urban area allows the penetration of information technology and devices such as smartphones, internet, which laid the groundwork for development of IoT market in the PRC.

Introduction of smart packaging and IoT related intelligent packaging

Smart packaging refers to the packaging system with additional mechanical, chemical, electrical and electronic features on top of conventional design and functionality of traditional packaging, which offers a variety of benefits for producers, distributors, retailers and consumers. In general, smart packaging can be categorised into active packaging and intelligent packaging.

Active packaging involves the enhancement of functionality of packaging itself to preserve and sustain the quality of products inside. For example, absorbers, scavengers and other controlling chemicals are commonly applied in some active packaging for food product to control moisture, oxygen level for preservation and extend the shelf-life.

Intelligent packaging is usually designed to deliver information of the packaged product as well as communicate the changes of packaging and sometimes the status of product inside through the application of indicators and electronic tags. For example, RFID labels can be applied to packaging for product identification and tracking. Some intelligent packaging with connective electronic labels (e.g. RFID label, QR code) embedded are considered as IoT related.



Source: Frost & Sullivan

IoT related intelligent packaging is considered as a transformation of traditional packaging to a value-added digital product, which consists of IoT component and non-IoT component.

IoT component is the key for digitalization of packaging product. RFID, NFC, QR codes are common sensory labels and technologies for networking. Electronic tags and labels will be set to store information of packaged product and allow access of information through readers. For example, RFID label enables exchange of data in a relatively longer distance and is commonly used for tracking purpose. On the other hand, Non-IoT component includes the packaging product with substrates of paper, plastics and other materials. Unlike the printing of conventional packaging product, printed electronics are usually included in manufacturing of IoT related intelligent packaging. Generally, electronic tags such as RFID labels are applied together with the substrate with common printing technologies such as screen printing, offset printing, flexography and gravure. In IoT related intelligent packaging, data stored in electronic tag of final product, including history, location, become accessible for manufacturers, distributors, retailers and consumers. With the connection to network, "Internet of Packaging" can be attained and each connected product will be traceable with reading devices (e.g. RFID readers, mobile phone).

Incorporating IoT components contribute to the evolvement of conventional packaging in the following aspects:

1. **Design** — The incorporation of electronic labels with interactive content in traditional packaging will trigger innovative design. Compared with design in traditional packaging, IoT related intelligent packaging puts a higher emphasis on functions and communication with consumers as well as distributors. Thus innovation in packaging design is required, including the way to fit in the shape, size, color and position of electronic tags and labels in existing packaging.

2. **Materials** — New substrates, ink, adhesives and printing technologies are required in transforming traditional packaging into intelligent packaging. With the thorough research and development on material properties and compatibility with electronic components, innovation in materials will lead to advancement of conventional packaging products. For example, water-proofing thin film can be applied for electronic labels as well as the base materials itself.

3. **Functions** — IoT enhanced the functionality of conventional packaging with connection to internet, tracking and protection. Furthermore, conventional packaging will be transformed into a marketing tool with digital function, additional content to achieve consumer satisfaction, leading to raised branding effect and also boosted sales of consumer products. It is also expected that active packaging will also be integrated with intelligent packaging to maximize the benefits to consumers and retailers.

Additional of IoT components in packaging offer following benefits to various parties including brand owners, manufacturers, retailers:

(1) **Brand protection:** The application of electronic labels (e.g. RFID labels, NFC technology, QR code) enables anti-counterfeit and security function by authentication. With the use of mobile application, consumer can perform quick scan on the product to avoid purchase of counterfeit products. On the other hand, brand owners can be protected from loss to counterfeit goods.

(2) **Market insights:** Digitalised packaging allows brand owner to gain insights of consumer behavior through exchange of information and data integration, which include purchasing pattern in terms of quantity, location, time etc. Thus, IoT related intelligent packaging facilitates the collection of market intelligence for brand owner to stand out from the crowd.

(3) **Supply chain management:** For manufacturers and distributors, application of IoT element in packaging added traceability to products and some electronic tags (e.g. active RFID tags) allow real time tracking and positioning. Thus, manufacturers can take advantage of such features to manage their production schedule and planning while distributors can have a close monitoring to logistics, achieve successful and timely delivery to retailers.

(4) **Consumer engagement:** With the substantial growth of smartphone penetration rate in the PRC, intelligent packaging embedded with chips and electronic labels aid the interaction between consumers, products and indirectly with product owners. For example, consumers can perform authentication, gain access to product details and acquire additional information (e.g. ingredients, nutritional information for food products, promotion and coupons) with NFC compatible smartphones. As a result, consumer experience as well as willingness to purchase certain products could be enhanced.

Majority of package printing companies are mainly engaged for production of non-IoT components of intelligent packaging with substrates of paper, plastics and other materials for embedding IoT components (e.g. RFID, NFC labels and QR codes). In general, IoT components with electronics parts (e.g. RFID and NFC labels) are incorporated into semi-finished package products during post-press stage of the printing process while printable IoT technologies (e.g. QR codes) are usually printed directly on the package products or incorporated in form of a separate labels or tags.

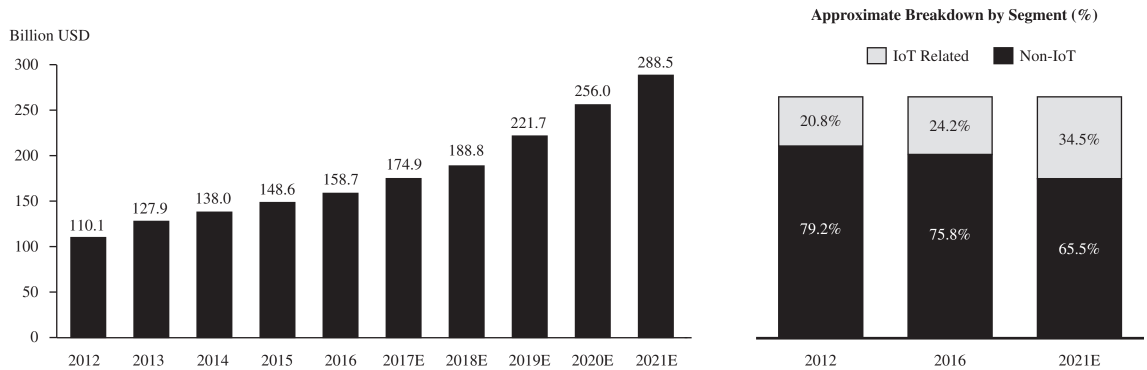
Our post-press treatments offered to our customers included certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products. In addition, we plan to increase the categories of our value-added information technology-related services to be offered to our customers to include the inclusion of RFID labels, NFC tags and/or audioposter technology, on the printing products. For details, please refer to the paragraph headed "Business — Business Strategies" in this prospectus.

All these value-added information technology-related services are IoT related and can contribute to the evolvement of conventional packaging and offer benefits to various parties including brand owners, manufacturers and retailers as aforesaid discussed.

Market size of intelligent packaging in global market

The market size of intelligent packaging by value in global market has demonstrated a growth from USD110.1 billion in 2012 to USD161.8 billion in 2016, representing a CAGR of 10.1%. The growing trend of IoT and diversifying consumer products are considered as key drivers to intelligent packaging market. Therefore, it is expected that the market size of global intelligent packaging by value will increase at a CAGR of 13.3% during 2017 to 2021, reaching USD288.5 billion in 2021. Meanwhile, the share of IoT related intelligent packaging in the overall global intelligent packaging market has increased from 20.8% in 2012 to 24.2% in 2016, and is set to reach 34.5% by 2021.

Market Size of Intelligent Packaging by Value (Global), 2012–2021E

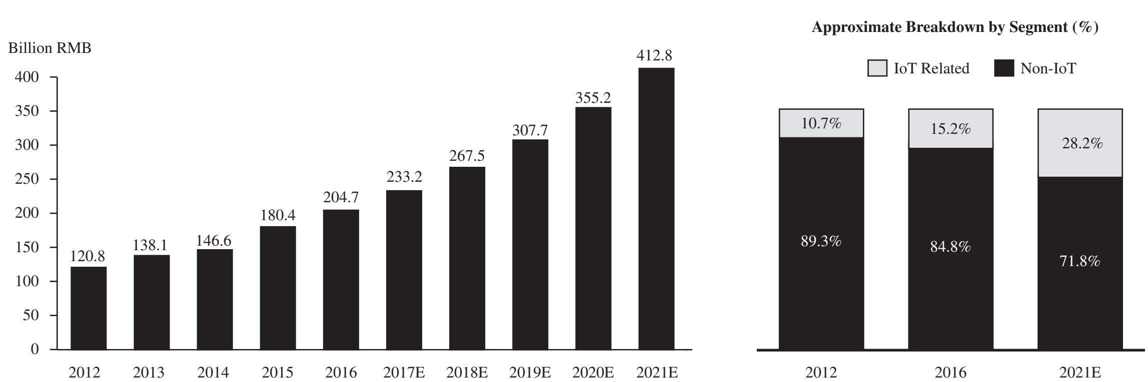


Source: Frost & Sullivan

Market size of intelligent packaging in the PRC

Driven by the demand for advanced form of packaging in various consumer products, the intelligent packaging in the PRC by value has increased from RMB120.8 billion in 2012 to RMB200.6 billion in 2016, representing a CAGR of 13.5%. The diversifying consumer goods and product design is expected to drive the market growth. Hence, the intelligent packaging in the PRC by value is estimated to grow at a CAGR of 15.3% during 2017 to 2021, reaching RMB412.8 billion by the end of this period. In particular, IoT related packaging has recorded an increasing penetration during recent years. The share of IoT related packaging accounted for approximately 10.7% of total intelligent packaging market in the PRC in 2012. With the higher adoption of IoT technology, the share of IoT related packaging accounted for 15.2% of intelligent packaging market in 2016 and is set to reach 28.2% in 2021.

Market Size of Intelligent Packaging by Value (PRC), 2012–2021E

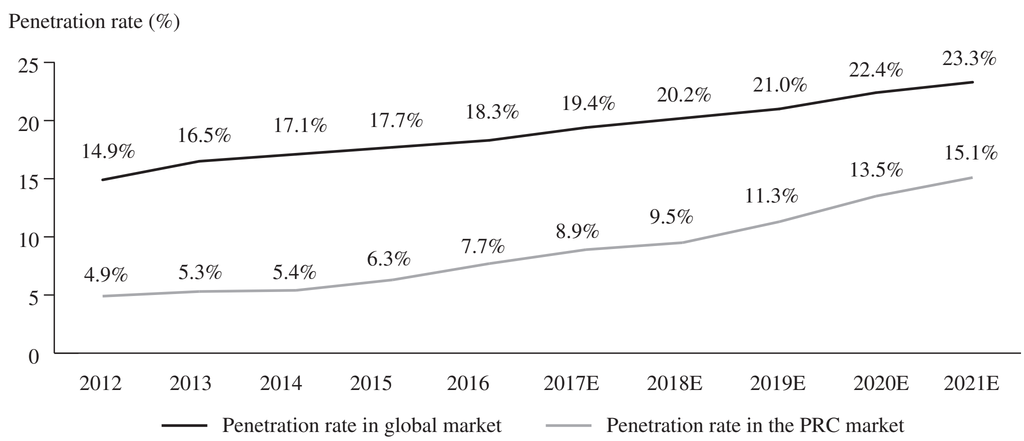


Source: Frost & Sullivan

Penetration rate of IoT related intelligent packaging in global and the PRC

IoT related intelligent packaging market has recorded a growing penetration in global market and market in the PRC. In global market, the penetration rate of IoT related intelligent packaging increased from 14.9% in 2012 to 17.9% in 2016. In the PRC market, the penetration rate of IoT related intelligent packaging also increased from 4.9% in 2012 to 7.9% in 2016. The penetration rate of IoT related intelligent packaging in global market was higher than that in the PRC market due to higher adoption of IoT technology. Under the support from use of IoT technology and demand for IoT related intelligent packaging in consumer products, the penetration rate of IoT related intelligent packaging in global and the PRC market is expected to reach 23.3% and 15.1% respectively in 2021.

Penetration rate of IoT related intelligent packaging (Global and the PRC), 2012–2021E



Source: Frost & Sullivan

Key drivers of IoT related intelligent packaging in the PRC

- *Growing internet and mobile phone penetration*

According to National Bureau of Statistics of the PRC, the internet penetration rate in the country increased from 38.3% in 2011 in 50.3% in 2015. Similarly, the mobile phone penetration also increased from 73.6% to 92.5% during the same period. The high internet penetration as well as mobile phone penetration is expected to strengthen the adoption to IoT as well as IoT related intelligent packaging in the PRC.

- *Strong support from developers*

IoT related intelligent packaging has received a rising application under the support from developers with the emergence of IoT in recent years. For example, it has been reported that an automated, staff-less convenience store opened in Shanghai in June, 2017. The shop applied a variety of IoT technology including QR code, NFC as well as camera with facial recognition function for identification, stock taking and purchasing process, which contribute to a new shopping experience for customers. Thus, with the benefits of IoT technology, a higher application of IoT related intelligent packaging is anticipated in the PRC market in future, which enable retailer to introduce new concept to enhance customer experience in shopping.

Development trend of IoT related intelligent packaging

- *Strengthening anti-counterfeit application in the PRC*

The domestic sales and export of counterfeit items has long been recognised as an issue in the PRC. According to the Seizure Statistics released by U.S. Customs and Border Protection, total number of seizures for intellectual property rights-infringing goods originated from the PRC has increased from 13,592 in 2011 to 14,164 in 2015. In terms of manufacturer's suggested retail price, the total value of the aforementioned goods has reached approximately USD697 million in 2015. On the other hand, it has been reported by the official Xinhua news agency that more than 40% of goods sold in online channels in the PRC were either counterfeits or poor quality in 2014. As a result, it is anticipated that intelligent packaging with electronic tag for identification and authentication will receive a more extensive use in this perspective.

- *Collaboration of packaging and technology company*

As a combined product with conventional and technical components, manufacturing of IoT related intelligent packaging usually involves the collaboration of package printing company and electronic chips providers. Some major market players in conventional package printing field are working with their partners in technology and communication field for intelligent packaging. For example, in 2016, communications services and printed electronics suppliers R. R. Donnelley & Sons has reached an agreement with Smartac, a RFID solution provider to develop new RFID application in packaging. In 2014, labeling and packaging solution provider Avery Dennison announced a collaboration agreement with software and platform company EVRYTHNG to strengthen connection to internet. Furthermore, Bemis has partnered with Thin-film in 2012 to create intelligent packaging platform. Thus, the similar trend of collaboration is expected in the PRC.

- *Emergence of New Area for Application*

The addition of smart labels converted the traditional packaging into digital product, which enables a variety of potential application through perception, data integration and connection with people. For example, intelligent packaging with RFID tag can support the process of clinical trials through monitoring of dosage intake by trial subjects and data integration as well as analysis. Moreover, more add-on content and features including audio, video signaling for reminder of drug intake, instruction, and recipe are likely enabled in future to promote interaction with consumers. New form of packaging also contributes to food safety, security and brand differentiation.

REGULATORY OVERVIEW

This section sets forth a summary of the major laws and regulations applicable to our business in Hong Kong and PRC.

HONG KONG LAWS AND REGULATIONS

Business registration

For our Group's business operations in Hong Kong, we are required to obtain business registration certificates issued by the Hong Kong Inland Revenue Department under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).

Intellectual property

Trade Marks Ordinance

The Trade Marks Ordinance (Chapter 559 of the laws of Hong Kong) is a statute enacted to make provision in respect of the registration of trademarks and for connected matters. The Trade Marks Ordinance provides (among other things) that a person infringes a registered trademark if the person uses in the course of trade or business a sign which is:

(a) identical to the trademark in relation to goods or services which are identical to those for which it is registered;

(b) identical to the trademark in relation to goods or services which are similar to those for which it is registered; and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;

(c) similar to the trademark in relation to goods or services which are identical to similar to those for which it is registered; and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or

(d) identical or similar mark in relation to goods or services which are not identical or similar to those for which the trademark is registered; the trademark is entitled to protection under the Paris Convention as a well-known trademark; and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of a trademark.

The Trade Marks Ordinance also provides that a person shall be treated as a party to any use of the material which infringes the registered trademark if he:

(a) applies or causes to be applied a registered trademark or a sign similar to a registered trademark to material which is intended to be used for labelling or packaging of goods; as business paper; or for advertising goods or services; and

(b) at the time the trademark or sign was applied to the material, he knew or had reason to believe that its application to the material was not authorised by the owner of the registered trademark or by a licensee.

Under the Trade Marks Ordinance, the owner of a trademark is entitled to bring infringement proceedings against a person infringing his or her trademark or damages, injunctions, accounts and any other relief available in law.

As at the Latest Practicable Date, the Group registered four trademarks in Hong Kong relating to the Group's business. The Directors confirm that the Group did not receive any claim for trademark infringement during the Track Record Period and up to the Latest Practicable Date.

The Directors also confirm that they do not have any actual knowledge nor have any reason to believe that any materials submitted by our customers to our Group for printing or production contains any registered trademark or any sign similar to a registered trademark the application of which is not authorised by the owner of the trademark or a licensee.

Copyright Ordinance

The Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) makes provisions in respect of copyright and related rights and for connected purposes. The Copyright Ordinance restricts certain acts such as copying and/or issuing or making available copies to the public of a copyright work without the authorisation from the copyright owner which, if done, constitutes "primary infringement" of copyright which does not require knowledge of infringement.

Under the Copyright Ordinance, a person may incur civil liability for "secondary infringement" of a work if, without the licence of the copyright owner, that person possesses, sells, or lets for hire, distributes or deals for the purpose of or in the course of any trade or business, a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work. However, the person will only be liable if, at the time he committed the act, he knew or had reason to believe that he was dealing with an infringing copy of such work.

Under section 118 of the Copyright Ordinance, a person commits an offence if he, without the consent of the copyright owner of a copyright work, makes for sale or hire an infringing copy of the work or possesses an infringing copy of the work with a view to its being, among others, sold or let for hire by any person for the purpose of or in the course of that trade or business. A person who contravenes section 118(1) or (4) of the Copyright Ordinance shall be guilty of an offence and shall be liable to a fine of HK$50,000 and to imprisonment for 4 years.

Our Directors confirm that they do not have any actual knowledge nor have any reason to believe that any materials submitted by our customers to our Group for printing or production is an infringing copy of any work within the meaning of the Copyright Ordinance.

Competition

The Competition Ordinance has come into force on 14 December 2015. According to the Competition Commission established under the Competition Ordinance, the full implementation of the Competition Ordinance will ensure Hong Kong remains a competitive, dynamic and free market by curbing harmful anti-competitive conduct, bringing the benefits of a level-playing field to Hong Kong consumers, businesses and the wider economy.

The rules laid down by the Competition Ordinance are:

(i) *first conduct rule:* which prohibits an undertaking (which means any entity, regardless of its legal status or the way in which it is financed, engaged in economic activity, and includes a natural person engaged in economic activity) from (a) making or giving effect to an agreement; (b) engaging in a concerted practice; or (c) as a member of an association of undertakings, making or giving effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong;

(ii) *second conduct rule:* which prohibits an undertaking that has a substantial degree of market power in a market from abusing that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. For such purpose, conduct may constitute such an abuse if it involves (a) predatory behaviour towards competitors; or (b) limiting production, markets or technical development to the prejudice of consumers;

(iii) *merger rule:* which prohibits mergers that have or are likely to have the effect of substantially lessening competition in Hong Kong are prohibited under the Competition Ordinance. Currently, such rule only applies to mergers relating to undertakings directly or indirectly holding carrier licences issued under the Telecommunications Ordinance (Cap. 106).

In case of contravention of competition rules, the Competition Tribunal has a broad range of sanctions available to levy against a contravening party. These include pecuniary penalty, director disqualifications, and prohibition, damage and other orders. For pecuniary penalty, the Competition Tribunal may award a penalty up to 10% of the turnover of the undertakings involved for up to three years in which the contravention occurs.

Employment

Employees' compensation

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases under the Employees' Compensation Ordinance. The Employees' Compensation Ordinance applies equally to full-time and part-time employees who are employed under service contracts or apprenticeships.

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

Under section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are obliged to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of HK$100,000 and imprisonment for 2 years.

Minimum wage

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

Any provision of an employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Compliance

Save as disclosed below, our Group, our Directors confirm that we were in compliance in all material respects with the relevant laws and regulations of Hong Kong during the Track Record Period and up to Latest Practicable Date.

PRC LAWS AND REGULATIONS

Set out below is a summary of the most significant laws and regulations that affect our business and operations in the PRC. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to us.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Companies with limited liability and joint stock companies with limited liability established and operating in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 29 December 1993 and was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, respectively. The PRC Company Law was amended by the SCNPC on 28 December 2013 and became effective from 1 March 2014. The major amendments include, but are not limited to, cancelling the paid-up capital registration and removing the statutory minimum registered capital requirements and the statutory timeframe for the capital contribution. The establishment procedures, verification and approval procedures, registered capital requirements, foreign exchange control, accounting practices, taxation, labour matters and all other relevant matters of a wholly foreign-owned enterprise shall be subject to the Wholly Foreign owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the "**Wholly Foreign-owned Enterprise Law**"), which was promulgated by the SCNPC on 12 April 1986 and amended on 31 October 2000 and 3 September 2016, and the Implementation Rules of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) (the "**Implementation Rules**"), which were promulgated by the Ministry of the Foreign Economic Relation and Trade of the PRC on 12 December 1990 and amended by the PRC State Council (the "**State Council**") on 12 April 2001 and 19 February 2014. The Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprise (《外商投資企業設立及變更備案管理暫行辦法》) (the "**Provisional Measures**"), is promulgated by the Ministry of Commerce of the People's Republic of China (the "**MOFCOM** ") came into force on 8 October 2016, and is amended on 30 July 2017.

Under the Wholly Foreign-owned Enterprise Law, the Implementation Rules and the Provisional Measures, applications for the establishment of the foreign-invested enterprise which is subject to the implementation of special administrative measures for admission, shall be submitted for examination and approval by the State Council department in charge of foreign economic relations and trade, or a body authorized by the State Council. In the event of a division, merger or other major changes to such a foreign-invested enterprise, it shall report to, and seek approval from, the examining and approving body and carry procedures for registration of such changes with the industrial and commercial administrative authorities. Establishment or other major changes of foreign-invested enterprises which are not subject to the implementation of special administrative measures for admission stipulated by the State Council shall be only subject to filling administration.

If there is any change to the foreign-invested enterprise which has been established upon the approval and the changed foreign-invested enterprise is not subject to the special administrative measures for permits stipulated by the State, the foreign-owned enterprise shall complete filing formalities, and its Certificate of Approval for the Foreign-invested Enterprise shall become invalid upon the completion of the filing formalities.

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the "**M&A Rules**"), promulgated by six PRC ministries including MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council, State Administration of Taxation, State Administration for Industry and Commerce of the People's Republic of China (the "**SAIC**"), China Securities Regulatory Commission and State Administration of Foreign Exchange (the "**SAFE**") on 8 August 2006 and became effective on 8 September 2006 and was amended on 22 June 2009, provides the rules with which foreign investors seek to purchase by agreement the equities of the shareholders of a domestic non-foreign-funded enterprise or subscribe to the increased capital of a domestic non-foreign-funded enterprise, and thus change the domestic non-foreign-funded enterprise into a foreign funded enterprise, or to conduct an asset merger and acquisition.

LAWS AND REGULATIONS RELATING TO THE PRINTING INDUSTRY

The initial framework for regulating the domestic printing industry was provided in the Regulations on the Administration of Printing Industry (《印刷業管理條例》) which was promulgated by the State Council on 2 August 2001, and revised and implemented on 6 February 2016, 1 March 2017, respectively. Under these provisions, enterprises applying to engage in the business of printing of packaging materials and other printed matter shall present their business license to submit an application to the administrative department for publications of the local People's Government of the municipality divided into districts and shall be issued with a printing business permit upon examination and approval of the application. According to the Regulations on the Administration of Printing Industry, publications as referred in the regulations shall include newspapers, periodicals, books, maps, New Year pictures, photographs, wall calendars, picture albums as well as the layout and formatting and covering page of audio/visual products and electronic publications; decoration and packaging prints as referred in the regulations shall include trademark symbols, advertising and publicity material, and any other paper, metal or plastic prints that is used for product decoration and packaging; and other printed matters as referred in the regulations shall include documents, data, graphs and diagrams, coupons and tickets, certificates and business cards, etc.

Pursuant to the Interim Provisions on the Qualifications of Printing Operations (《印刷業經營者資格條件暫行規定》) issued by the General Administration of Press and Publication (the "**GAPP**") (the predecessor of The State Administration of Press, Publication, Radio, Film and Television) on 9 November 2001, and amended on 28 August 2015, enterprises undertaking decoration and packaging printing shall have the enterprise's title and articles of association; shall have a specific business scope; shall have operation place(s) suitable for operation of printing business; shall have enough money for normal production and operation; shall have necessary equipment for decoration and packaging printing, including at least 2 sets of automatically bisecting and offset printing equipment which were manufactured in the recent 10 years and have not been listed in the Catalog of Behindhand Equipment, Crafts and Products Which Shall be Eliminated; shall have corresponding organizations and personnel necessary for the operation where the legal representative and major production or operation principals must have the Certificate of Printing Regulations Training granted by the press and publication administrations at prefecture and city level; shall have completed systems of printing undertaking verification, printing undertaking registration, printed goods custody, printed goods delivery, printed goods destroying, financial and quality control.

The Interim Provisions for the Establishment of Foreign Investment Printing Enterprises (《設立外商投資印刷企業暫行規定》), which was jointly promulgated and implemented by GAPP (now known as The State Administration of Press, Publication, Radio, Film and Television) and Ministry of Foreign Trade and Economic Cooperation (now known as MOFCOM) on 29 January 2002 and amended by the State Administration of Press, Publication, Radio, Film and Television on 28 August 2015, applies to the printing enterprises with foreign investment established in the PRC. Foreign investment in decoration and packaging printing can be established as a wholly foreign owned enterprise, while foreign investment in other printing is not allowed to establish a wholly foreign owned enterprise but only in the form of equity joint venture or contractual joint venture. The establishment of a foreign invested enterprise shall apply for the approval from the provincial administrative department in charge of press and publication of the place where the enterprise is to be located. The term of operation of the enterprise shall, as a general principle, be no more than 30 years. A foreign-invested printing enterprise shall not establish any branch organization.

On 12 November 2008, the GAPP (now known as The State Administration of Press, Publication, Radio, Film and Television) and MOFCOM promulgated Supplement to the Interim Provisions on the Establishment of Foreign Investment Printing (《關於設立外商投資印刷企業暫行規定的補充規定》), which came into force on 1 January 2009. Under this regulation, the registered capital threshold for foreign invested enterprise engaging in decoration and packaging printing as stipulated in the Interim Provisions on the Establishment of Foreign Investment Printing Enterprise is no longer applicable to Hong Kong or Macao investors. Hong Kong or Macao investors shall have the same registered capital threshold as domestic investors.

The Provisions on the Administration of Undertaking of Presswork Printing (《印刷品承印管理規定》) was jointly promulgated on 18 July 2003 and implemented on 1 September 2003 by GAPP (now known as The State Administration of Press, Publication, Radio, Film and Television) and Ministry of

Public Security. The purpose of the Provisions on the Administration of Undertaking of Presswork Printing is to regulate the printing activities of printing operators, perfect the administrative system of the undertaking of printing, and promote the healthy development of the printing industry.

LAWS AND REGULATIONS RELATING TO SAFETY PRODUCTION

The Regulations on Safe Production of Guangdong Province (廣東省安全生產條例) was promulgated by the Standing Committee of Guangdong Provincial People's Congress on 27 September 2013 and implemented on 1 January 2014. Pursuant to the Regulations on Safe Production of Guangdong Province, manufacturers and business operators, other than those employing more than 1,000 workers and/or engaging in special business scope such as mining, storing and transportation of dangerous goods, shipbuilding melting, etc., which employ more than 300 workers, shall set up a work safety management department or allocate full-time work safety management personnel; and those which employ less than 300 workers shall allocate full-time or part-time work safety management personnel, or entrust an organisation qualified to provide work safety and occupational health services or engineering and technical personnel who have the relevant technical qualifications stipulated by the State to provide work safety management and technical services. Manufacturers and business operators which failed to set up a work safety management department or allocate work safety management personnel, shall be ordered by the work safety supervision and administration authorities to rectify within a prescribed time limited, failing which it will be ordered to suspend production and operation, and may be imposed a fine.

The Regulations of Management of Licenced Safety Officers in Guangdong Province (廣東省註冊安全主任管理規定) was promulgated by the People's Government of Guangdong Province on 26 December 2003 and implemented on 1 March 2004. Production business units with employees more than 500 but less than 1,000 shall engage at least two licenced safety officers according to the proportion of not less than 0.4% to the total number of the employees thereof. Production business units with employees more than 1,000 shall engage extra licenced safety officers according to the proportion of not less than 0.2% to the extra number of employees.

According to the Regulations on Safety Administration of Shenzhen (深圳市安全管理條例) which was promulgated by the Standing Committee of Shenzhen People's Congress on 31 May 2009 and implemented on 1 August 2009, staff who are responsible for safety production of a company shall attend safety training and shall have relevant knowledge and capacity for their work.

According to the Special Equipment Safety Laws of the PRC (中華人民共和國特種設備安全法) which was promulgated by the Standing Committee of the National People's Congress on 29 June 2013 and became effect on 1 January 2014. Companies using special equipment shall establish special equipment safety technical archives. Elevator is a kind of special equipment. Maintenance of elevators shall be done by the elevator manufacturers or installation, refitting or repairing entities that have obtained licence for such work. Where a company using special equipment including elevator violates the law by failing to conduct regular maintenance or regular self-inspection on the special equipment; and failing to make regular tuning, maintenance on safety accessories, safety protection devices on the special equipment and making relevant records, it will be ordered to rectify within a prescribed time limited, failing which it will be ordered to stop using the equipment and be imposed a fine of not less than RMB10,000 but not more than RMB100,000.

LAWS AND REGULATIONS RELATING TO IMPORTING AND EXPORTING GOODS

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on 12 May 1994 and amended on 6 April 2004, 7 November 2016 and the Measures for the Archival Filing and Registration of Foreign Trade Business Operators (《對外貿易經營者備案登記辦法》) which was promulgated by the MOFCOM on 25 June 2004 and amended on 18 August 2016, foreign trade operators engaged in imports and exports of goods or technologies shall file records with the foreign trade department of the State Council or its authorized agency, unless otherwise stipulated by the laws, administrative regulations or the foreign trade department of the State Council. Foreign trade operators that have not filed for registration in accordance with the provisions will be declined by the Customs to carry out the customs clearance and inspection procedures for import and export of goods.

The Customs Laws of the PRC (the "**Customs Law**") (《中華人民共和國海關法》) was promulgated by the SCNPC on 22 January 1987 and was respectively amended on 8 July 2000, 29 June 2013, 28 December 2013 and 7 November 2016. Pursuant to the Customs Law, unless otherwise stipulated, the declaration of import and export goods may be completed by consignees and consignors themselves, and such formalities may also be completed by their entrusted Customs brokers that have registered with the Customs. In addition, the consignor or consignee of the goods exported or imported and the Customs broker must register themselves for declaration activities with the Customs office.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on 26 December 1989, and amended on 24 April 2014, and came into force on 1 January 2015, provides a regulatory framework to protect and develop the environment, prevent and reduce pollution and other public hazards, and safeguard human health. According to the Environmental Protection Law, enterprises and other manufacturers shall prevent and reduce environmental pollution and ecological damage as well as take the liabilities for the damages caused.

Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), was promulgated on 28 October 2002 by the SCNPC, and amended on 2 July 2016, and then became effective on 1 September 2016. Environmental impact assessment refers to analyze, forecast and assess possible environmental impacts arising from performance of planning and construction projects, propose corresponding policies and measures to prevent or reduce such adverse environmental impacts and the methods and systems used for tracking monitoring. The State shall implement classified administration of environmental impact assessment for construction projects in accordance with the degree of environmental impacts of construction projects.

The construction unit shall produce environmental impact reports and environmental impact report form or complete environmental impact registration forms as the case may be. In the event of possible significant environmental impact, an environmental impact report shall be prepared for comprehensive assessment of the environmental impact. In the event of slight environmental impact, an environmental impact report form shall be prepared for analysis or assessment of specific items relating to the environmental impact. In the event of minimal environmental impact which does not warrant an environmental impact assessment, an environmental impact registration form shall be completed. After the environmental impact appraisal document of a construction project has been approved, if either the nature, scale, venue, the production techniques employed or the measures for preventing pollution and preventing ecological damage has undergone substantial changes, the construction entity shall submit new environmental impact appraisal documents of the construction project for examination and approval. Where a construction entity unlawfully commences the construction of a project without submitting for approval its environmental impact report or report form in accordance with the law, or without reporting for approval of construction project which undergone substantial changes or requesting the re-examination of the environmental impact report or report form in accordance with the law, the environmental protection administrative department at or above the county level shall order it to cease construction, and according to the circumstances of violation of law and damage, impose a fine of not less than 1% but not more than 5% of the total investment of the construction project on it, and order it to restore to the original state; and in accordance with the law, take disciplinary actions against the directly responsible person in charge and other directly liable persons of the construction entity.

Guangdong Province Environmental Protection Regulation (《廣東省環境保護條例》) was promulgated on 24 September 2004 by the Standing Committee of Guangdong Provincial People's Congress, and was amended on 13 January 2015. Under the regulation, pollutant emission by enterprises, institutions and other manufacturers and business operators shall comply with the pollutant emission standards and total quantity control indexes for key pollutant emission stipulated by the State or the local government. Besides, enterprises, institutions and other manufacturers and business operators may entrust an organization with the corresponding competency to operate their pollution prevention and treatment facilities or implement pollution control, enter into an agreement with the entrusted organization, and specify the rights and obligations and environmental protection responsibilities for both parties. The entrusted organization shall comply with the requirements of environmental protection laws and regulations and the relevant technical specifications.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION

Pursuant to the Fire Services Law of the People's Republic of China (《中華人民共和國消防法》), which promulgated by the SCNPC on 29 April 1998 and subsequently amended on 28 October 2008, which formulated for the purposes of preventing fire disasters and reducing fire hazards, strengthening emergency rescue operations, protecting personal and property safety and safeguarding public security. Fire brigades of public security agencies shall carry out supervision and inspection of compliance of fire services laws and regulations by enterprises. The fire brigade of a public security agency shall notify the relevant organizations or individuals of hidden fire hazards discovered in fire services supervision and inspection to forthwith adopt measures to eliminate the hidden hazards; where public security may be seriously compromised if the hidden hazards are not promptly eliminated, the fire brigade of the public security agency shall adopt temporary seizure measures for the hazardous location or site pursuant to the provisions.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

Due to the foreign exchange control policy of the PRC, cross border money transactions of Company PRC Subsidiaries in their business activities and dividend distribution to the foreign investors of the PRC Subsidiaries shall comply with various administration of foreign exchange in the PRC.

The principal regulation governing foreign exchange in the PRC are the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996 and subsequently amended on 14 January 1997 and on 1 August 2008. These Regulations are formulated for the purposes of strengthening foreign exchange control, promoting balance of international receipts and payments, and promoting sound development of national economy. Under these rules, the current account incomes of foreign exchanges can be retained or sold to financial institution which manage exchange settlement and sale and purchase of foreign exchange. Foreign exchange receipts and payments under current account items shall be based on true and legitimate transactions. Financial institutions engaging in conversion and sale of foreign currencies shall, pursuant to the provisions of the foreign exchange control department of the State Council, carry out reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments. The foreign exchange control authorities shall have the right to carry out supervision and inspection of matters. Overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Overseas organizations and overseas individuals engaging in issuance and trading of quoted securities or derivatives in China shall comply with the market entry provisions of the State and process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

Under the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**Circular 13**") promulgated by the SAFE on 13 February 2015 and became effective on 1 June 2015, to improve the efficiency on foreign exchange management, the SAFE (i) has cancelled Approval of foreign exchange registration under domestic direct investment and approval of foreign exchange registration under overseas direct investment; (ii) has replaced confirmation and registration of monetary contribution by foreign investors with entry registration of monetary contribution under domestic direct investment. In the event that a foreign investor makes contribution in the monetary form (including cross-border foreign exchange remittance and RMB), the deposit bank shall, upon receipt of the relevant capital funds, carry out entry and registration of monetary contribution of domestic direct investment via the SAFE Capital Account Information System directly before the capital funds can be used.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**Circular 19**") promulgated on 30 March 2015 and came into force on 1 June 2015, (i) the system of willingness-based foreign exchange settlement is adopted for the foreign exchange capital of foreign-invested enterprises. The willingness-based settlement of foreign exchange capital of foreign-invested enterprises refers to that the foreign exchange capital, for which the monetary contribution has been confirmed by the foreign exchange authorities (or for which the monetary contribution has been registered for account entry) in the capital account of a foreign-invested enterprise may be settled at a bank as required by the enterprise's actual management needs. The proportion of willingness-based foreign exchange settlement of capital for a foreign-invested enterprise is temporarily set at 100%; (ii) The RMB funds obtained by a foreign-invested enterprise from its willingness-based exchange settlement of capital shall be included into the foreign exchange settlement accounts for pending payment; (iii) A foreign-invested enterprise shall use capital under the authentic and self-use principles within its business scope. Foreign-invested enterprises are prohibited to use capital and the foreign exchange capital settled in RMB (a) for any direct or indirect expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment, unless otherwise provided by any law or regulation; (c) to provide entrusted loans or repay loans between enterprises; (d) to purchase real estate's not for self-use purposes (save for real estate enterprises).

LAWS AND REGULATIONS RELATING TO TAXATION

(1) Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the National People's Congress in China (the "**NPC**") on 16 March 2007 and came into effective on 1 January 2008 and was amended on 24 February 2017, and its Implementation Regulations (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008, enterprises are classified into resident enterprises and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its income deriving from both inside and outside China at the rate of enterprise income tax of 25%. A non-resident enterprise that has an establishment or place of business in the PRC shall pay enterprise income tax on its income deriving from inside China and obtained by such establishment or place of business, and on its income which derives from outside China but has actual relationship with such establishment or place of business, at the rate of enterprise income tax of 25%. A non-resident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of enterprise income tax of 10%.

(2) Withholding Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC and its Implementation Regulations, dividends generated after 1 January 2008 and payable by a foreign invested enterprise in the PRC to its foreign investors are subject to a 10% withholding income tax, unless otherwise provided in the tax treaty concluded between the PRC and such foreign investor's jurisdiction of incorporation.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for Avoidance of Double Taxation and the Prevention of Tax Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Tax Treaty**") concluded on 21 August 2006, the applicable withholding income tax rate for any dividends declared by a Chinese company is 5% for a shareholder being a Hong Kong resident holding at least 25% interest in its registered capital, or 10% for a shareholder being a Hong Kong resident holding less than 25% interest in its registered capital. According to the Announcement on the Administrative Measures for Non-resident Taxpayers to Enjoy the Treatment Under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》), which was promulgated by the State Administration of Taxation on 27 August 2015 and became effective on 1 November, 2015, for withholding at source and designated withholding, where a non-resident taxpayer asserts that it satisfies the criteria for entitlement to tax treaty benefits and claims tax treaty benefits, it shall apply to the withholding agent, and provide the relevant reports, statements and materials stipulated to the withholding agent. Where the materials submitted by the non-resident taxpayer to the withholding agent are complete, and the information stated in the relevant reports and statements satisfy the criteria for entitlement to tax treaty benefits, the withholding agent shall make withholding pursuant to the provisions of the tax treaty, and forward the relevant reports, statements and materials to the tax authorities in charge when making withholding declaration. Where the non-resident taxpayer does not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent shall withhold tax pursuant to the provisions of domestic tax laws.

(3) Value-added Tax

The Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993, came into force on 1 January 1994, and was amended on 10 November 2008 and on 6 February 2016, and the Implementation Rules of the Interim Regulations on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the PRC Ministry of Finance and became effective on 25 December 1993, and was amended on 15 December 2008 (became effective on 1 January 2009) and 28 October 2011 (became effective on 1 November 2011), set out that entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax. Unless provided otherwise, the rate of value-added tax is 17%.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

The principal legal provisions for the protection of holders of registered trademarks are set out in both the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982 and amended respectively on 22 February 1993 (effective from 1 July 1993), 27 October 2001 (effective from 1 December 2001), and 30 August 2013 (effective from 1 May 2014), and the Regulation on Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002 (effective from 15 September 2002), amended on 29 April 2014 and with effective on May 1, 2014. Trademarks approved and registered by the trademark bureau are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks, trademark registrants enjoy exclusive rights to use trademark and are protected by the law. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities pursuant to the provisions within the 12-month period before the expiry date, where renewal formalities are not completed within the stipulated period, a six-month extension may be allowed. The validity period of each renewal shall be 10 years, commencing from the date following expiry of the preceding validity period of the said trademark. Where renewal formalities are not completed upon expiry of the validity period, the registered trademark shall be cancelled. The trademark bureau shall gazette renewed registered trademarks. For licensed use of a registered trademark, the licensor shall file record of the licensing of the said trademark with the trademark bureau, and the licensing shall be gazetted by the trademark bureau. Non-filing of the licensing of a trademark shall not be contested against a good faith third party. Under the Trademark Law of the PRC, any of the following acts may be regarded as an infringement upon the right to exclusive use of a registered trademark, including (i) to use a trademark identical to a registered trademark on the same type of commodities without licensing by the trademark registrant; (ii) to use a trademark similar to a registered trademark on the same type of commodities without licensing by the trademark registrant, or use a trademark identical or similar to the registered trademark on similar commodities which easily causes confusion; (iii) to sell commodities which infringe upon exclusive rights to use registered trademarks; (iv) to forge or manufacture labels of other's registered trademark without authorization or sell forged or unauthorized labels of other's registered trademark; (v) to change a registered trademark without the consent of the trademark registrant, and sell commodities bearing the changed trademark in the market; (vi) to intentionally facilitate infringement of other's exclusive rights to use trademarks, and assist others in implementation of infringement of exclusive rights to use trademarks; and (vii) to cause harm to other's exclusive rights to use registered trademarks.

LAW AND REGULATIONS RELATING TO LABOUR PROTECTION

The Labour Law of the PRC (《中華人民共和國勞動法》) which came into effect on 1 January 1995 and amended on 27 August 2009 stipulates general provisions with regard to labour contracts, working hours, wages, occupational safety and health, special protection for female staff and juvenile workers, vocational training, social insurance and welfare, and settlement of labor disputes. Enterprises failing to comply with the Labour Law of the PRC may be subject to warnings, fines, order to pay compensation, and cancellation of business license. Criminal liabilities may also be imposed for serious violations.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) which was promulgated by the SCNPC on 29 June 2007 and revised on 28 December 2012 and then came into force on 1 July 2013 and the Implementation Regulations on the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) which was promulgated and implemented on 18 September 2008 by the State Council, provide that a written labour contract shall be concluded for the establishment of a labour relationship. Labour contracts concluded pursuant to the law shall be legally binding and the employers and the workers shall perform the obligations stipulated in the labour contracts. When recruiting a worker, the employer shall truthfully notify the worker of the job duties, working conditions, work premises, occupational hazards, work safety and health conditions, labour remuneration and any other information in which the worker is interested to know; an employer shall have the right to ask about basic information of the worker in direct relation to the labour contract, the worker shall answer truthfully. Employers shall promptly pay labour remuneration to workers in full amount pursuant to the stipulations of the labour contract and the provisions of the State.

LAWS AND REGULATIONS RELATING TO SOCIAL INSURANCE

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated on 28 October 2010 and became effect on 1 July 2011 by the SCNPC, the State shall establish social security systems such as basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance, etc. to protect the rights of citizens for obtaining material assistance from the State and the society pursuant to the law in the circumstances of old age, illness, work injury, unemployment, childbirth, etc. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999 and amended on 24 March 2002, a housing provident fund management center shall open a special housing provident fund account at a commissioned bank. Employers shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, go to a commissioned bank to go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. Each staff member or worker may have only one account. Where, in violation of the provisions of these Regulations, an entity is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

LAWS AND REGULATIONS RELATING TO STATUTORY RESERVE

According to the Implementation Rules of the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則), a wholly foreign-owned enterprise shall make apportionment to its reserve fund as well as employees' bonus and welfare fund from its profits after the income tax has been paid in accordance with PRC tax law. The percentage to be apportioned to the reserve fund shall not be less than 10% of the post-tax profits; when the cumulative apportioned amount accounted for 50% of the registered capital, the enterprise may discontinue making apportionment. According to the Company Law of the PRC (中華人民共和國公司法), companies shall contribute 10% of the profits into their statutory reserve when making distribution of their post-tax profits of the current year. A company may discontinue the contribution when the accumulated statutory reserve accounted for 50% of its registered capital. Where the board of shareholders, the shareholders' general meeting or the board of directors make profit distribution to the shareholders before contributing to the statutory reserve, the shareholders shall return such distributed profits to the company.

Our PRC Legal Adviser is of the view that Tung Pak would not violate the laws and regulations as long as it contributes statutory reserve in accordance with laws and regulations before it distributes profits to its shareholder. Since Tung Pak did not distribute its after-tax profits during the Track Record Period and up to the Latest Practicable Date, Tung Pak was not required to apportion 10% of its after-tax profits to statutory reserve.

For illustration purpose, had the apportionment been made to Tung Pak's statutory reserve, the amount of Tung Pak's distributable profits as at 30 June 2015, 2016 and 2017 would have been approximately HK$23.5 million, HK$24.7 million and HK$28.5 million, respectively.

OVERVIEW

Our Company was incorporated on 17 January 2017 in the Cayman Islands as the holding company of our Group. Mau Hing, Sun Hing, Winstar, China IOE and Tung Pak are our principal operating subsidiaries throughout our operating history. Over the course of our business history, our shareholding structure has remained stable with the Concerted Parties who are parties acting in concert by way of the Acting in Concert Confirmation and Undertaking, as our Controlling Shareholders. All of the Concerted Parties are our executive Directors.

OUR HISTORY AND MAJOR BUSINESS MILESTONES

Our history can be traced back to late 1970s when Mr. Peter Chan established his printing business in his personal capacity. In December 1990, Mr. Peter Chan established a private company with limited liability in Hong Kong, namely Sun Hing, to continue his printing business.

Under the leadership of Mr. Peter Chan, our founder, we continue to explore potential business opportunities in the printing industries in Hong Kong and expanded our operations by continuing to expand into different markets and products and services which cater for diversified needs from our customers on design complexity, size, quality and quantity of printing products to be used in different areas. Over the years of operation, we have gained extensive industry experience in providing printing services to our customers.

The following table summarises various milestones for the evolution of our Group into the present scale of operation:

Time	**Event**
Late 1970s	Our founder, Mr. Peter Chan, established his printing business
1990	Sun Hing was established
1999	Our Group began to commence business relationship with Customer A, one of our top five customers
2000	Our Group relocated our production facilities to our Shenzhen Factory and print all products in this factory since then
2001	Tung Pak was awarded its first ISO 9001:2008 issued by SGS United Kingdom Ltd Systems & Services Certification
2005	Our Group began to commence business relationship with McDonald's Restaurants (Hong Kong) Ltd.
2007	As confirmed by the Intertek Testing Services Shenzhen Ltd., we were awarded the IECQ HSPM QC080000 (certificate no.: PRC-HSPM-1057) which was the first certificate issued by the Intertek Testing Services Shenzhen Ltd. in relation to printing industry

Time	Event
2008	Sun Hing was awarded its first G7 certification of qualification issued by Idealliance
2008	Our Group began to use variable data printing technology
2010	Sun Hing was awarded its first Standard for Chain of Custody Certification and Chain of Custody Certification of Multiple Sites under Forest Stewardship Council issued by SGS Hong Kong Limited Systems & Services Certification
2011	Tung Pak was awarded its first ISO 14001:2004 issued by SGS United Kingdom Ltd Systems & Services Certification
2011	As confirmed by the SGS Systems and Services Certification, we were awarded the ISO 50001:2011, and we were the first batch printing companies in the world's and Asia's printing industries who passed the ISO 50001:2011 compliance audit
2012	Tung Pak was awarded its first Intertek GMP issued by Intertek Testing Services Ltd., Shanghai

CORPORATE STRUCTURE AND DEVELOPMENT

As at the Latest Practicable Date, our Group comprised our Company and six subsidiaries incorporated in Hong Kong, the BVI and the PRC, all of which are, directly and indirectly, wholly owned by our Company.

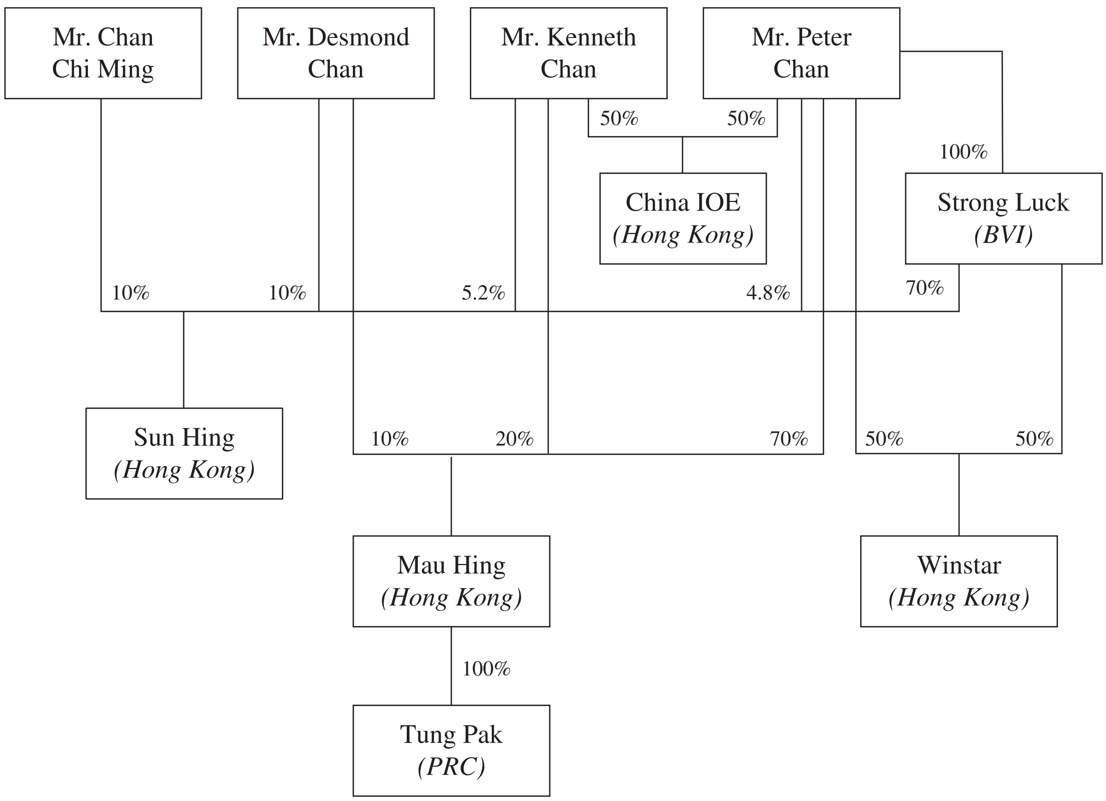
Details of our subsidiaries are set out below:

No.	Name of our subsidiary	Place of incorporation	Date of incorporation	Issued shares/ Registered capital (for PRC incorporated companies)	Principal business
1.	Strong Luck	BVI	18 February 1991	1 share	Investment holding
2.	Mau Hing	HK	30 December 1993	10,000 shares	Investment holding and sale of printing products
3.	Sun Hing	HK	11 December 1990	60,000 shares	Sale of printing products
4.	Winstar	HK	12 February 1999	2 shares	Sale of printing products
5.	China IOE	HK	8 August 2016	2 shares	Internet and technology business
6.	Tung Pak	PRC	1 July 1994	HK$67,000,000	Manufacturing of printing products

REORGANISATION

The companies comprising our Group underwent Reorganisation to establish and rationalize our Group structure in preparation for the Listing. Following the Reorganisation, our Company became the holding company of our Group. Set out below is the shareholding structure of our Group immediately prior to the implementation of the Reorganisation:

Corporate Structure of the Group immediately before the Reorganisation



The diagram below summarises the shareholding of the various companies held by each of Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan and Mr. Chan Chi Ming immediately prior to the implementation of the Reorganisation are as follows:

Company	Shareholders	Shareholding percentage
Mau Hing	Mr. Peter Chan	7,000 shares (70%)
	Mr. Kenneth Chan	2,000 shares (20%)
	Mr. Desmond Chan	1,000 shares (10%)
Sun Hing	Strong Luck	42,000 shares (70%)
	Mr. Desmond Chan	6,000 shares (10%)
	Mr. Chan Chi Ming	6,000 shares (10%)
	Mr. Kenneth Chan	3,100 shares (5.2%)
	Mr. Peter Chan	2,900 shares (4.8%)
Winstar	Strong Luck	1 share (50%)
	Mr. Peter Chan	1 share (50%)
Tung Pak	Mau Hing	100%
China IOE	Mr. Peter Chan	1 share (50%)
	Mr. Kenneth Chan	1 share (50%)
Strong Luck	Mr. Peter Chan	1 share (100%)

The major steps of the Reorganisation are set out below:

Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 17 January 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of a par value of HK$0.01 each. On the day of incorporation, 1 Share was issued, allotted and credited as nil paid to Reid Services Limited as initial subscriber, which was transferred to Mr. Kenneth Chan on the same date. On 2 February 2017, Mr. Kenneth Chan transferred the one nil-paid Share to Goody Luck at a nominal consideration of HK$1.0. Since our incorporation, our Company has been an investment holding company without business operations.

Incorporation of intermediate holding companies

On 3 January 2017, Goody Luck was incorporated as a company with liability limited by shares in the BVI and was authorised to issue a maximum of 50,000 shares with no par value of a single class. On 16 January 2017, Goody Luck allotted and issued 986 subscriber shares with no par value as fully paid to Mr. Peter Chan and allotted and issued 14 subscriber shares with no par value as fully paid to Mr. Kenneth Chan and the issued share capital of Goody Luck became 98.6% owned by Mr. Peter Chan and 1.4% owned by Mr. Kenneth Chan.

On 3 January 2017, Goody Capital was incorporated as a company with liability limited by shares in the BVI and was authorised to issue a maximum of 50,000 shares with no par value of a single class. On 16 January 2017, Goody Capital allotted and issued one share with no par value to each of Mr. Desmond Chan, Mr. Chan Chi Ming and Mr. Kenneth Chan and the issued share capital of Goody Capital became owned by Mr. Desmond Chan, Mr. Chan Chi Ming and Mr. Kenneth Chan as to 33.3% each.

Acquisition of Strong Luck by our Company

Immediately prior to the implementation of this step, Strong Luck was directly wholly owned by Mr. Peter Chan. On 2 February 2017, our Company acquired the entire share of Strong Luck from Mr. Peter Chan at a consideration of HK$201,712,377, which was determined with reference to the net profit of Sun Hing, a non-wholly owned subsidiary of Strong Luck for the year ended 30 June 2015 and a price-to-earnings multiple of comparable companies in the market. The consideration was satisfied by our Company issuing and allotting 599 Shares, credited as fully paid, to Goody Luck.

Upon completion of this step, the entire share capital of Strong Luck was held by our Company.

Acquisition of Mau Hing by Strong Luck

Immediately prior to the implementation of this step, Mau Hing was held as to 70% (7,000 shares) by Mr. Peter Chan, 20% by Mr. Kenneth Chan (2,000 shares) and 10% (1,000 shares) by Mr. Desmond Chan. Mau Hing was engaged in, amongst others, investment holding. Tung Pak, which was engaged in manufacture of various printing products, was wholly-owned by Mau Hing.

On 2 February 2017, Strong Luck acquired the entire issued share capital of Mau Hing from Mr. Peter Chan, Mr. Kenneth Chan and Mr. Desmond Chan at a consideration of HK$14,902,149, which was determined with reference to the net profit of Mau Hing for the year ended 30 June 2015 and taking into account the price-to-earnings multiple of comparable companies in the market. The consideration was satisfied by our Company (a) issuing and allotting 39 and 4 Shares, credited as fully-paid, to Goody Luck and Goody Capital respectively; and (b) crediting as fully paid at par value the one nil-paid Share originally held by Goody Luck.

Upon completion of this step, the entire issued share capital of Mau Hing was held by Strong Luck.

Acquisition of remaining 30% shares of Sun Hing by Strong Luck

Immediately prior to the implementation of the Reorganisation, Sun Hing was held as to 70% (42,000 shares) by Strong Luck, 10% (6,000 shares) by Mr. Desmond Chan, 10% (6,000 shares) by Mr. Chan Chi Ming, 5.2% (3,100 shares) by Mr. Kenneth Chan and 4.8% (2,900 shares) by Mr. Peter Chan. Sun Hing was engaged in, among others, sale of printing products.

On 2 February 2017, Strong Luck acquired 30% of the issued share capital of Sun Hing from Mr. Peter Chan, Mr. Kenneth Chan, Mr. Chan Chi Ming and Mr. Desmond Chan at a consideration of HK$86,406,389, which was determined with reference to the net profit of Sun Hing for the year ended 30 June 2015 and taking into account the price-to-earnings multiple of comparable companies in the market. The consideration was satisfied by our Company issuing and allotting 44 and 220 Shares, credited as fully-paid, to Goody Luck and Goody Capital respectively.

Upon completion of this step, the entire issued share capital of Sun Hing was held by Strong Luck.

Acquisition of remaining 50% shareholdings of Winstar by Strong Luck

Immediately prior to the implementation of the Reorganisation, Winstar was held as to 50% (1 Share) by Strong Luck and 50% (1 share) by Mr. Peter Chan. Winstar was engaged in, among others, sale of printing products.

On 2 February 2017, Strong Luck acquired the 50% of the issued share capital of Winstar from Mr. Peter Chan at a consideration of HK$97,470, which was determined with reference to the net profit of Winstar for the year ended 30 June 2015 and taking into account the price-to-earnings multiple of comparable companies. The consideration was satisfied by our Company issuing and allotting 1 Share, credited as fully-paid, to Goody Luck.

Upon completion of this step, the entire issued share capital of Winstar was held by Strong Luck.

Acquisition of China IOE by Strong Luck

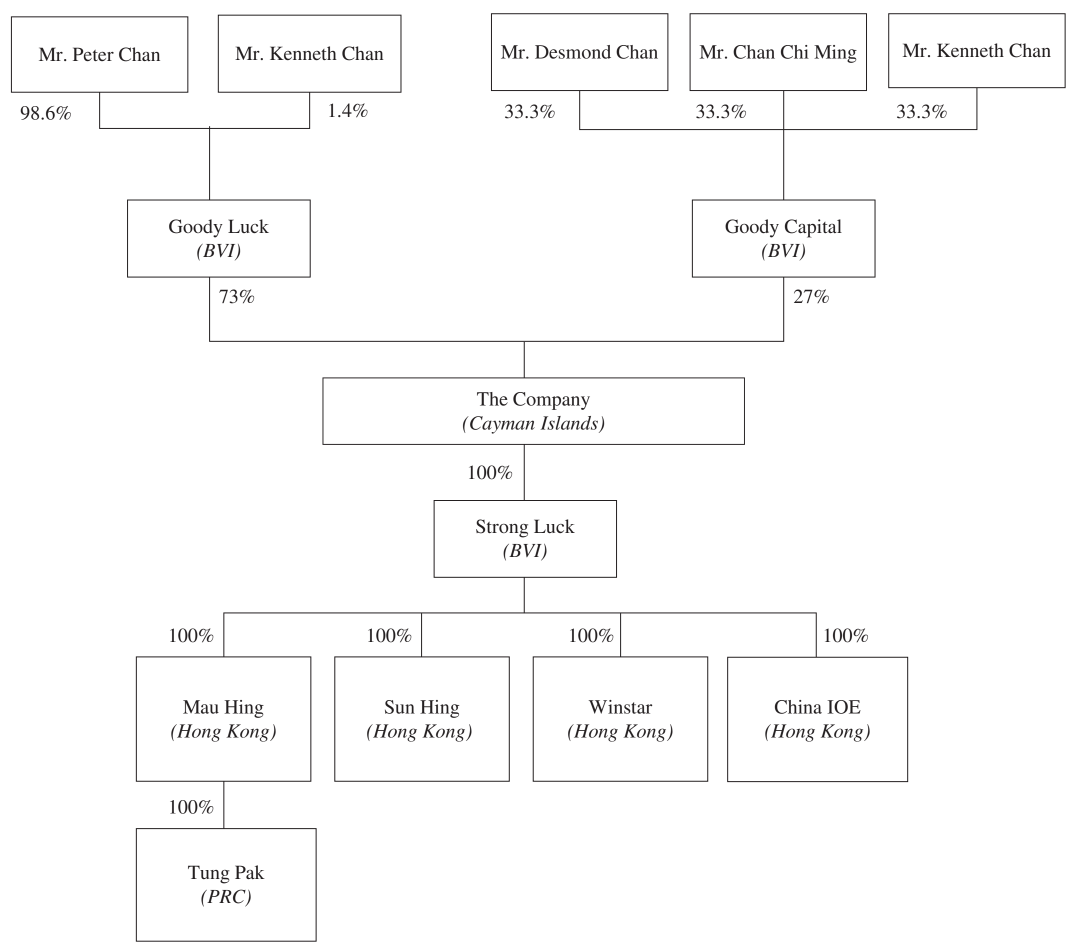
Immediately prior to the implementation of the Reorganisation, China IOE was held as to 50% (1 share) by Mr. Peter Chan and 50% (1 share) by Mr. Kenneth Chan. China IOE was engaged in, among others, internet and technology business.

On 2 February 2017, Strong Luck acquired the entire issued share capital of China IOE from Mr. Peter Chan and Mr. Kenneth Chan at a consideration of HK$30,940,842, which was determined with reference to the net profit of China IOE based on its management accounts for the five months ended 30 November 2016 and taking into account the price-to-earnings ratio of comparable companies. The consideration was satisfied by our Company issuing and allotting 46 and 46 Shares, credited as fully-paid, to Goody Luck and Goody Capital respectively.

Upon completion of this step, the entire issued share capital of China IOE was held by Strong Luck.

The following chart sets forth the shareholding and corporate structure of our Group immediately after the Reorganisation and before the Capitalisation Issue and the Share Offer:

Corporate Structure of the Group Immediately after the Reorganisation



Increase in authorised share capital

In contemplation of the Share Offer, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares with par value of HK$0.01 each by the creation of an additional 9,962,000,000 Shares, pursuant to the extraordinary general meeting of our Shareholders passed on 9 October 2017.

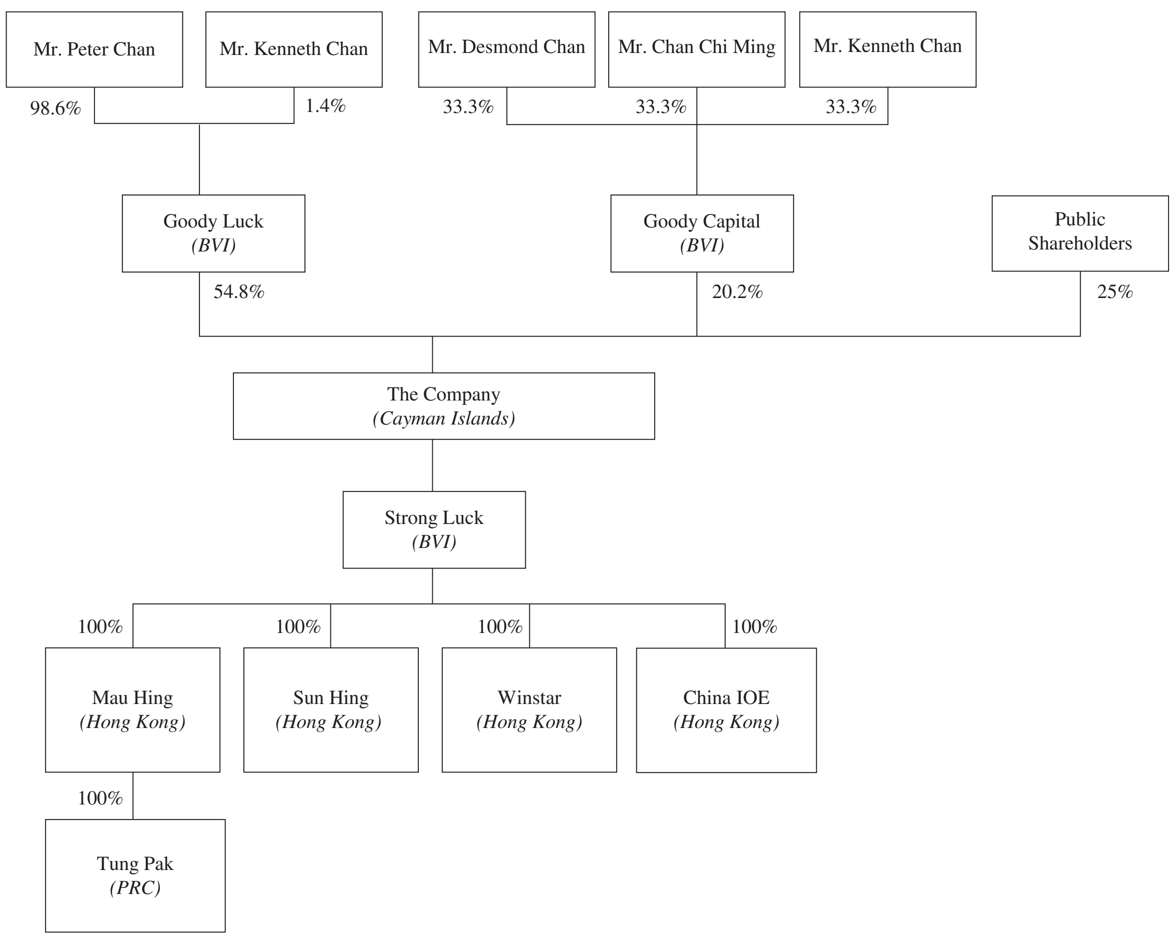
Capitalisation Issue and the Share Offer

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Share Offer, our Directors were authorised to allot and issue a total of 359,999,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company at close of business on 9 October 2017 in proportion to their then respective shareholdings by way of capitalisation of the sum of HK$35,999,990 standing to the credit of the share premium account of our Company and such Shares to be allotted and issued pursuant to the Capitalisation Issue shall rank *pari passu* in all respects with the existing issued Shares.

Conditional upon the grant of approval for the Listing and permission to deal in the Shares, 120,000,000 Shares will be initially offered pursuant to the Share Offer, representing approximately 25% of the total issued share capital of our Company (as enlarged by the Shares offered under the Share Offer and the Shares issued under the Capitalisation Issue, but excluding the Shares which may be allotted and issued under upon exercise of the options granted or which may be granted under the Share Option Scheme) for subscription by professional, institutional and private investors.

The corporate structure of our Group immediately following the completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be allotted and issued upon exercise of the options which may be granted under the Share Option Scheme) is set out below:

Corporate Structure of the Group Immediately after the Share Offer and Capitalisation Issue



Immediately upon completion of the Share Offer and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued under the Share Option Scheme), the Concerted Parties, through Goody Luck and Goody Capital, will be beneficially interested in 75.0% and will be our Controlling Shareholders under the Listing Rules.

BUSINESS OVERVIEW

We are a one-stop printing service provider. Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. Our printing services focus on paper-related printing products and we can cater for our customers' diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas.

We strive for excellence and provide attentive printing services to our customers. In preparing our quotation, we provide printing solution consultation to our customers including suggestions of amendments to the product design and colour-mix to enhance the production cost-effectiveness. We also offer a broad selection of post-press treatments to our customers such as spot ultra-violet coating, varnishing, calendaring, film laminating, gold stamping, corrugated paper lamination, die-cutting, folding and binding/gluing and handcrafting, as well as certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products.

During the Track Record Period, our printing services can be broadly categorised into packaging printing, booklet printing, card printing and other printing. The following table sets forth the breakdown of our revenue by our printing service category during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	Revenue (HK$'000)	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*
Packaging printing *(Note 1)*	202,671	70.0	178,472	61.3	184,271	60.8
Booklet printing *(Note 2)*	54,199	18.7	78,401	26.9	84,822	28.0
Card printing *(Note 3)*	22,871	7.9	24,744	8.5	24,307	8.0
Other printing *(Note 4)*	9,672	3.4	9,590	3.3	9,587	3.2
Total: *(Note 5)*	289,413	100.0	291,207	100.0	302,987	100.0

Notes:

1. Packaging printing services cover, among others, corrugated boxes, gift boxes, card boxes and product boxes.

2. Booklet printing services cover, among others, instruction manuals, hardback books and booklets.

3. Card printing services cover, among others, colour cards, insert cards, warranty cards and plain cards.

4. Other printing services cover, among others, stickers, colour papers, yupo papers, red packets and paper bags.

5. The figures and percentages above may not add up to the total due to rounding.

We are able to serve worldwide customers with diversified printing needs. During the Track Record Period, our top five customers comprised, among others, wholesaler of home furnishings and housewares, OEM manufacturer specialising in electrical household appliances, company engaging in distribution and resale of packaging equipment, facility supplies and paper, promotion and products design and development company, marketing services company, toy products manufacturer and company providing loyalty programme, strategic marketing and advertising services, stationed in Hong Kong, U.S. and Netherlands. The following table sets forth the breakdown of our revenue by geographical location during the Track Record Period:

	Year ended 30 June					
	2015		**2016**		**2017**	
	Revenue (HK$'000)	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*
Hong Kong	225,298	77.8	179,208	61.5	194,318	64.1
U.S.	14,228	4.9	65,788	22.6	83,812	27.7
Others *(Note 1)*	49,887	17.3	46,211	15.9	24,857	8.2
Total: *(Note 2)*	289,413	100.0	291,207	100.0	302,987	100.0

Notes:

1. They include Netherlands, Australia, Macau and the PRC.

2. The figures and percentages above may not add up to the total due to rounding.

Our principal raw material is paper, the purchase of which amounted to approximately 51.7%, 55.4% and 50.8% of our total cost of sales for each of the three years ended 30 June 2017, respectively. Our top five suppliers during the Track Record Period comprised, among others, suppliers of paper stationed in the PRC.

Our production site, which is responsible for all our printing products production and delivery, is located at Long Gang Zone, Shenzhen, the PRC (our "**Shenzhen Factory**") with less than 20 k.m. from the container port in Yantian, Shenzhen, the PRC, and with gross floor area of production factory approximately 26,000 sq. m. and staff dormitory approximately 7,000 sq. m., open area of approximately 9,000 sq. m. and utilities of approximately 1,000 sq. m., while our Hong Kong office, located at Chai Wan, Hong Kong, serves as a customer centre receiving orders, issuing invoices and providing all our customer services. Our sales and marketing department is responsible for sourcing orders from our customers. During the Track Record Period, we did not commission any external sales agents or representatives to source orders and our customers placed orders directly to us.

For each of the three years ended 30 June 2017, our revenue was approximately HK$289.4 million, HK$291.2 million and HK$303.0 million, respectively, while our net profit was approximately HK$16.8 million, HK$43.3 million and HK$36.8 million, for the same periods, respectively.

COMPETITIVE STRENGTHS

We believe that our competitive strengths are as follows:

We are an established printing service provider in Hong Kong

Our history can be traced back to late 1970s when Mr. Peter Chan established his printing business in his personal capacity. In December 1990, Mr. Peter Chan established a private company with limited liability in Hong Kong, namely Sun Hing, to continue his printing business. Over years of operation, we have gained extensive industry experience in providing printing services to our customers with diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas.

According to the Frost & Sullivan Report, our revenue attributable to package printing market in Hong Kong in 2016 represented approximately 2.6% of the total revenue generated from the whole package printing market in Hong Kong in 2016, and therefore ranked fifth in terms of share of total industry revenue in 2016.

We have also been assessed to achieve a number of international standards and qualifications in relation to printing industry including, among others, ISO 9001:2008, standard under Forest Stewardship Council, ISO 14001:2015, G7 certification of qualification, Intertek GMP, Intertek HACCP and ICTI code of business practices (on probation). For details, please refer to the paragraph headed ''Major Qualifications and Licences'' in this section.

Given our long and established operating history, leading position in the package printing market in Hong Kong and certifications obtained, our Directors consider that we are an established printing service provider in Hong Kong.

We provide comprehensive, attentive and high quality printing services

We strive for excellence and provide attentive printing services to our customers. Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. In preparing our quotation, we provide printing solution consultation to our customers including suggestions of amendments to the product design and colour-mix to enhance the production cost-effectiveness.

We also offer a broad selection of post-press treatments to our customers such as spot ultra-violet coating, varnishing, calendaring, film laminating, gold stamping, corrugated paper lamination, die-cutting, folding and binding/gluing and handcrafting, as well as certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products.

We have implemented stringent quality control procedures throughout our production process. In particular, we conduct regular site visits and due diligence works on our suppliers and only make procurements of raw materials from suppliers on our approved list of suppliers. We also carry out sample checks on the semi-finished products in certain production stages and on the finished products before delivery. For details, please refer to the paragraph headed "Business Model and Our Operation Flow — Quality control" in this section.

Our enterprise resources planning (ERP) system also facilitates our production scheduling and allows real-time tracking of the production progress.

During the Track Record Period, we purchased over 100 production machines and equipment to maintain our production capacity and keep track with the technological development, which included one die-cutting machine and one spot ultra-violet coating machine, and other numerous machines and equipment for pre-press and post-press treatments. For each of the three years ended 30 June 2017, our additions of plant and machinery were approximately HK$16.8 million, HK$2.2 million and HK$3.2 million, respectively.

Our Directors believe that our comprehensive, attentive and high quality printing services have contributed to keeping our customers' loyalty and expanding our customer base.

We have established relationships with our top five customers and top five suppliers

During the Track Record Period, our top five customers comprised, among others, wholesaler of home furnishings and housewares, OEM manufacturer specialising in electrical household appliances, company engaging in distribution and resale of packaging equipment, facility supplies and paper, promotion and products design and development company, marketing services company, toy products manufacturer and company providing loyalty programme, strategic marketing and advertising services, stationed in Hong Kong, U.S. and Netherlands. As at the Latest Practicable Date, our top five customers had been working with us for a period ranging from approximately three to 18 years. Some of our customers will, or arrange certain brand owners to, carry out regular audit inspections against our Shenzhen Factory on various aspects such health and safety and environmental protection. Our Directors believe that our top five customers give priority to printing companies whom they are familiar with and who have a proven track record in providing quality printing services in a timely manner. Therefore, our established relationships with our top five customers have been and will continue to be our valuable assets that cannot be easily replicated by other printing companies, enabling us to take up further purchase orders of various scales and service scopes from our existing customers.

During the Track Record Period, our top five suppliers comprised, among others, suppliers of paper stationed in the PRC. As at the Latest Practicable Date, our top five suppliers had been working with us for a period ranging from approximately 4 to 12 years. Our Directors believe that our established relationships with our top five suppliers have been and will continue to be our valuable assets enabling us to ensure stable and timely delivery of raw materials in compliance with our quality requirements.

We have an experienced and dedicated management team

We have an experienced and dedicated management team with extensive knowledge of the printing industry and experience in the printing services that we provide. Most integral to the success of our Group is Mr. Peter Chan, our founder, Chairman and executive Director, and Mr. Desmond Chan, our executive Director, both have over 35 years of experience in the printing industry and have built up our Group's reputation in the printing industry and facilitated our Group to establish long term relationships with our customers and suppliers. Further, Mr. Kenneth Chan, our chief executive officer and executive

Director, and Mr. Chan Chi Ming, our executive Director, respectively have over 13 years and 35 years of experience in the printing industry. Our management also strives to keep track with the technological development. Mr. Kenneth Chan, our chief executive officer and executive Director, recently completed an executive programme about exponential technologies organised by the Singularity University in Silicon Valley, U.S. on 28 October 2016. For details of the profile of our management team, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus.

Under the leadership of our management team, we have built up our capacity, expanded our scope of services and enhanced our market presence. The broad know-how and industry knowledge acquired and accumulated over the years by our management team have been and will continue to be beneficial to our business and prospects.

BUSINESS STRATEGIES

Business objective

Our business objective is to achieve sustainable growth in our business by expanding the scope of our printing services in two directions:

To expand the scope of our printing services

During the Track Record Period, our printing services cover our customers' diversified printing needs and our printing products were used in the markets of various consumer products as well as for the purposes of promotion, advertising and education (the "**Existing Markets**"). According to the Frost & Sullivan Report, the size of global package printing market in terms of revenue grew from USD266.0 billion in 2012 to USD316.0 billion in 2016, representing a CAGR of 4.4%, and it will keep increasing to reach USD377.5 billion in 2021, representing a CAGR of 3.5% over the period from 2017 to 2021. Further, the market size of package printing in terms of revenue increased from USD743.3 million to USD883.0 million during the period from 2012 to 2016 in Hong Kong, representing a CAGR of 4.4%. Driven by continuous innovation or improvement in technology as well as the increasing demand for packaging, the revenue derived from Hong Kong package printing market is anticipated to grow at a CAGR of 3.6% over the period from 2017 to 2021, reaching USD1,056.9 million in 2021. Being an established printing service provider in Hong Kong, we consider that we are well positioned to expand our market share from the increasing market trend so as to maintain our leading status in the package printing industry in Hong Kong. As such, we plan to expand the scope of our printing services to cover the markets of food, cosmetic and medical (the "**New Markets**").

According to the knowledge and experience of our Directors and supported by the Frost & Sullivan Report, for our customers to place orders for our printing services for the New Markets, we need to meet certain international requirements and standards such as ISO 15378:2015 for quality management system in relation to medical products packaging (which to the best knowledge of our Directors, also equally applies to cosmetic products packaging) and ISO 22000 for food safety management system. To achieve this, our Directors consider that we need to segregate a particular area in our production facilities and carry out further refurbishment.

The area expected to be segregated for the New Markets is approximately 3,000 sq. m.. Capital expenditure for refurbishing such segregated area is expected to be approximately HK$5.7 million (i.e. 3,000 sq. m. x HK$1,900 per sq. m.), all of which is expected to be financed from the net proceeds.

Miscellaneous expenditure for applying ISO 15378:2015 for quality management system in relation to medical products packaging and ISO 22000 for food safety management system is expected to be insignificant (i.e. less than HK$0.2 million), all of which is expected to be financed from our internal resources.

Refurbishment of such segregated area in the New Plant (to be defined below) after relocating our Shenzhen Factory is expected to commence in around August 2018 and finished in around October 2018. After refurbishment, we will apply for ISO 15378:2015 for quality management system in relation to medical products packaging and ISO 22000 for food safety management system in around October 2018 and obtain such two qualifications in around March 2019 such that production operations can be commenced in around March 2019.

In providing printing services for the New Markets, all our printing products will be used for decorative and packaging purpose and transported out of the PRC. Given such basis, the PRC Legal Advisers advised that the existing licences and permits of our Group in the PRC are sufficient for us to provide our printing services to cover the New Markets. No additional statutory licences in the PRC are necessary.

Our executive Directors will primarily target and negotiate with our existing customers on new purchase orders for printing services for the New Markets, and our Group will also participate in national exhibitions in the printing industry and let our potential customers know about our new printing services for the New Markets.

Given the expansion of the scope of our printing services to cover the New Markets, our Directors believe that we are able to expand our customer base, increase our market share in the package printing industry and drive our revenue growth in the future.

To increase the categories of value-added information technology-related services

During the Track Record Period, our post-press treatments offered to our customers included certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products.

According to the Frost & Sullivan Report, intelligent packaging is usually designed to deliver information of the packaged products as well as communicate the changes of packaging and sometimes the states of product inside through the application of indicators and electronic labels. The electronic labels (such as RFID labels, NFC tags and QR codes) printed on the packaging of the products enable the consumers to perform anti-counterfeit and security function by authentication, gain access to product details and acquire additional information (e.g. ingredients, nutritional information for food products, promotion and coupons). They also allow product manufacturers and distributors to real time tracking and positioning, and brand owner to gain insights of consumer behavior. For details about the Internet of Things (IoT) related intelligent packaging market in the PRC, please refer to the paragraph headed "Industry Overview — Overview of IoT Related Intelligent Packaging Market in the PRC" in this prospectus.

According to the Frost & Sullivan Report, with the supportive policies issued by the PRC government, rapid urbanisation and trending smart devices, IoT market size in terms of value in the PRC has demonstrated a robust growth from RMB375.0 billion in 2012 to RMB958.5 billion in 2016, representing a CAGR of 26.4%. During 2017 to 2021, IoT market size in the PRC is estimated to increase at a CAGR of 21.7%, reaching RMB2,570.9 billion in the year of 2021 due to further penetration of IoT related technology in various sectors as well as higher user acceptance. We consider that there will be an increasing market trend regarding the intelligent packaging market in the PRC.

In view of the aforesaid, we plan to increase the categories of our value-added information technology-related services to be offered to our customers to include the inclusion of RFID labels, NFC tags and/or audioposter technology, on the printing products.

Negotiations with various suppliers on the supply of RFID labels, MPR codes and audioposter technology are expected to be responsible by our executive Directors and the expenditure of which (mainly transportation expenses) is expected to be insignificant (i.e. less than HK$0.5 million), all of which is expected to be financed from our internal resources.

Our Directors consider that, provided that the supply of RFID labels, MPR codes and audioposter technology can be secured, the existing machines and equipment and manpower of our Group are able to provide these new categories of value-added information technology-related services to our customers.

There is no expected timetable on when we can secure all the supply of RFID labels, MPR codes and audioposter technology because there is no guarantee of successful negotiations. Nevertheless, as at the Latest Practicable Date, we have entered into a master supply agreement with a supplier of NFC technology products in Norway on our exclusive right to distribute our printing products incorporated with their NFC technology products to certain customer brands in Hong Kong and Macau. Pursuant to the said master supply agreement, among other terms, the sales shall be made by placing purchase order which will set forth the prices for the relevant NFC technology products, and we have minimum purchase commitment in order to maintain such exclusive right. For further details of the major terms of the said master supply agreement, please refer to the paragraph headed "Our Suppliers and Raw Materials" in this section.

We are also under negotiations with various suppliers on the supply of RFID labels, MPR codes and audioposter technology in order to increase the categories of value-added information technology-related services.

With the increase of the categories of value-added information technology-related services, our Directors believe that we are able to enhance our existing customers' loyalty, differentiate ourselves from traditional printing factories and drive our revenue growth in the future.

Future plans

On top of expanding the scope of our printing services in the aforesaid two directions, we prepare to implement the following future plans to achieve sustainable growth in our business, as well as to facilitate our aforesaid expansion of the scope of our printing services and to accommodate our potential increasing purchaser orders and production volume:

To relocate our Shenzhen Factory

As aforesaid, in order to expand the scope of our printing services to cover the New Markets, we need to segregate a particular area in our production facilities at approximately 3,000 sq. m. and carry out further refurbishment. Nevertheless, the lease of our Shenzhen Factory will expire on 31 March 2019. There is no assurance that the landlord will agree to renew our lease after expiry. If it is such a case, we will lose our investment on refurbishment. Therefore, our Directors consider that it would be in our best interests to commence such business plan only in the New Plant (to be defined below).

Further, (a) given that our production capacity during the Track Record Period especially, during the peak seasons, had been almost saturated; and (b) to mitigate the associated risks of the title defect of our Shenzhen Factory, our Directors consider that it would be in our best interests to relocate our Shenzhen Factory on or before the expiry of the current lease on 31 March 2019 to a larger plant. For details of the title defect of our Shenzhen Factory, please refer to the paragraph headed "Our Properties — Title defect of our Shenzhen Factory" in this section.

We have entered into a legally binding memorandum of understanding (the "**MOU**") with an Independent Third Party (the "**New Landlord**"). Pursuant to the MOU, we have the right to lease, and the New Landlord shall lease to us, for three years (with an option to renew granted for us for further three years), some of the area as our new plant (the "**New Plant**") within the piece of land located at Xiagang Community, Dongguan City, Guangdong Province, the PRC (中華人民共和國廣東省東莞市廈崗社區) for industrial use (the "**Xiagang Land**"). The material terms of the MOU are summarised below:

Major terms	**Description**
Location of the New Plant	Xiagang Community, Dongguan City, Guangdong Province, the PRC
Area to lease	Total area of approximately 60,000 sq. m. (which comprises (i) gross floor area of approximately 40,000 sq. m. for, among others, production, office, storage and utilities; (ii) gross floor area of approximately 11,000 sq. m. for staff dormitory; and (iii) open area of approximately 9,000 sq. m.)
Right to lease	To exercise our right to lease the New Plant, we shall give to the New Landlord one-month written notice prior to the lease commencement date, and then parties shall enter into the formal lease agreement

Major terms	Description
	As advised by our PRC Legal Advisers, we are entitled to exercise our right to lease by stages and in portions of the New Plant because: (i) the MOU does not explicitly state that the New Plant has to be leased in one portion or by one go; (ii) at the time the MOU was signed, both parties knew that not all the buildings in the New Plant had obtained the Property Ownership Certificates and not all buildings were available to be leased, thus the intention and contractual spirit of the parties at the time, properly construed, was that we are entitled to lease by stages and in portions of the New Plant; and (iii) there is no regulation or law in the PRC prohibiting us from leasing by stages and in portions of the New Plant. As such, our relocation to the New Plant can be carried on by stages without necessarily paying the full rent starting on the first day of our relocation.
Lease term	Three years (with an option to renew granted for us for further three years). As advised by the PRC Legal Advisers, the exercise of such option to renew is at the sole discretion of the Company under the formal lease agreement, the terms regarding area to lease and monthly rent under the MOU shall continue to apply to the renewed three-year lease after exercise of such option to renew
Monthly rent	RMB913,590
Legal consequence	If the New Landlord fails to lease the New Plant to us pursuant to the MOU, it will constitute a breach of the MOU and the New Landlord shall need to bear our consequential loss and damage, which include, among others (i) the additional capital expenditure in relation to search, lease and relocation to the alternative factory premises; and (ii) the loss of profit as a result of failing to relocate as scheduled, under the PRC laws and regulations as advised by our PRC Legal Advisers

With the information provided by the New Landlord, the following sets forth the information and the construction plan of the Xiagang Land and the New Plant:

— the Xiagang Land is located at approximately 80 k.m. away from our Shenzhen Factory and approximately 90 k.m. away from the container port in Yantian, Shenzhen, the PRC;

— pursuant to the collective land use certificate (集體土地使用證) and the construction land use planning permit (建設用地規劃許可證) of the Xiagang Land, the total land area of the Xiagang Land is approximately 50,000 sq. m. for industrial use and the building area is approximately 127,000 sq. m.;

— pursuant to a construction planning permit (建設工程規劃許可證) and a building construction permit (建設工程施工許可證) of the Xiagang Land, approximately 5,200 sq. m. land area had been allowed to and so constructed with a five-storey building for industrial use with gross floor area of approximately 26,000 sq. m. (the "**Five-storey Building**") . Such building passed the fire services and environmental inspection in 2015 and 2016 respectively, and as at the Latest Practicable Date, had obtained the Property Ownership Certificate. As at the Latest Practicable Date, three out of five floors of such building were occupied;

— in addition, as informed by the New Landlord, as at the Latest Practicable Date, approximately 1,000 sq. m. land area of the Xiagang Land was under the construction of a ten-storey staff dormitory with gross floor area of approximately 11,000 sq. m. (the "**Ten-storey Staff Dormitory**"). As at the Latest Practicable Date, the construction of such building had completed and was pending for examination by fire services and other regulatory authorities in the PRC, and the New Landlord schedules to obtain the Property Ownership Certificate for such building in around October 2017;

— it is scheduled that approximately 10,000 sq. m. land area in the Xiagang Land will be constructed with a three-storey building for industrial use with gross floor area of approximately 30,000 sq. m. (the "**Three-storey Building**"). It is scheduled to obtain the construction planning permit (建設工程規劃許可證) and the building construction permit (建設工程施工許可證) for the building and the construction of which is scheduled to commence at the beginning of the fourth quarter of 2017 and finish in around the first quarter of 2018. The New Landlord schedules to obtain the Property Ownership Certificate for such building in around June 2018;

— the construction of the Three-storey Building is scheduled to be responsible by a registered construction contractor in the PRC. Therefore, our Directors consider that there is no impediment for such building to comply with the safety regulations and other relevant standards, as well as obtaining the construction planning permit (建設工程規劃許可證), the building construction permit (建設工程施工許可證) and the Property Ownership Certificate;

— For the avoidance of doubt, as advised by the PRC Legal Advisers, since the Xiagang Land has obtained the collective land use certificate (集體土地使用證), the New Landlord is legally entitled to lease the open area in the New Plant to us under the PRC laws.

Our Directors consider that there is no impediment to obtain the Property Ownership Certificates for the Ten-storey Staff Dormitory and the Three-storey Building by June 2018 with reasons and measures as follows:

— as advised by the PRC Legal Advisers, since the Xiagang Land has already obtained the collective land use certificate (集體土地使用證) and the construction land use planning permit (建設用地規劃許可證), provided that the buildings are to be constructed according to the PRC laws in relation to, among others, building construction and safety there is no material legal impediment to obtain the Property Ownership Certificates for the buildings to be constructed on the Xiagang Land;

— the Five-storey Building has already obtained the Property Ownership Certificate which serves as a precedent case as to other building construction on the Xiagang Land. Therefore, provided that the Ten-storey Staff Dormitory and the Three-storey Building are to be constructed according to the PRC laws in relation, among others, to building construction and safety, among others, we consider that both buildings will equally be able to obtain the Property Ownership Certificates;

— in view of the aforesaid, the construction of the Three-storey Building is scheduled to be responsible by a registered construction contractor in the PRC, to ensure such building is to be constructed according to the PRC laws in relation to, among others, building construction and safety, and

— we will also retain a registered building construction engineering consultant to, together with our deputy general manager, monitor the progress of building construction and application for the Property Ownership Certificates in relation to the Ten-storey Staff Dormitory and the Three-storey Building on a bi-weekly basis.

According to the terms of the MOU, we plan to rent from the New Landlord in the Xiagang Land in total area of approximately 60,000 sq. m. for our New Plant with breakdown as follows:

— in total gross floor area of approximately 40,000 sq. m. (which comprises the entire Three-storey Building and two (out of five) floors of the Five-storey Building), the breakdown of the use of which after relocation is set forth below:

1.	Production area for the Existing Markets:	20,000 sq. m.
2.	Production area for the New Markets:	3,000 sq. m.
3.	Production area for new categories of value-added information technology-related services:	2,500 sq. m.
4.	Area for office, storage and other non-production uses:	13,000 sq. m.
5.	Area for utilities:	1,500 sq. m.

— the Ten-storey Staff Dormitory; and

— open area of approximately 9,000 sq. m..

We schedule to increase the production area for the Existing Market from currently approximately 16,000 sq. m. to approximately 20,000 sq. m. and the area for office, storage and other non-production uses from currently approximately 10,000 sq. m. to approximately 13,000 sq. m., after relocation. As further elaborated in the paragraph headed “To maintain and enhance our production capacity” below in this sub-section, given that we schedule to purchase one new digital press and three new offset presses, and two and a half of the production capacity of the three new offset presses and half of the production capacity of the new digital press are expected to be assigned for the Existing Markets, our Directors consider that after relocation, we need to assign more production area in the New Plant for the enhanced production capacity for the Existing Markets. Further, with the enhanced production capacity for the Existing Markets, the expansion of the scope of our printing services to cover the New Markets and the increase of the categories of value-added information technology-related services for our customers, our Directors consider we also need to expand our manpower and therefore we need to assign more area in the New Plant for office, storage and other non-production uses.

We will ensure the New Plant has duly obtained all the required certificates and complied with all relevant standards and safety regulations before we take possession of it. If necessary, we will seek legal advice from the legal advisers of the PRC laws in this aspect. As advised by the PRC Legal Advisers, after the New Plant has duly obtained all the required certificates, the formal lease agreement to be entered into pursuant to the MOU, being the agreement between us and the New Landlord, will be legally binding and if the New Landlord failed to lease the New Plant to us pursuant to the MOU, it will constitute a breach of the MOU and the New Landlord shall need to bear our consequential loss and damage, which include, among others (i) the additional capital expenditure in relation to search, lease and relocation to the alternative factory premises; and (ii) the loss of profit as a result of failing to relocate as scheduled, under the PRC laws and regulations as advised by our PRC Legal Advisers.

Currently, the Five-storey Building (with gross floor area of approximately 26,000 sq. m.) has obtained the Property Ownership Certificate and therefore, as advised by the PRC Legal Advisers, the formal lease agreement to be entered into pursuant to the MOU will be legally binding against the New Landlord regarding the Five-storey Building only. Therefore, if we choose to exercise the MOU today, since three out of five floors of the Five-storey Building are occupied, we are entitled to lease, and the New Landlord is obliged to lease to us, the remaining two floors of the Five-storey Building with total gross floor area of approximately 10,000 sq. m..

The building of the production factory of approximately 26,000 sq. m. in our Shenzhen Factory is not entirely used for production. Approximately 10,000 sq. m. is used as office area, storage and other non-production uses. If our Group were to lease the remaining two floors of the Five-storey Building with total gross floor area of approximately 10,000 sq. m, the entire area available will be used for production only. As confirmed by our Directors, our major production machines and equipment in our Shenzhen Factory are relatively ‘‘sparsely placed’’ with significant buffer area between them. Therefore, our Directors consider that the aforesaid two floors have sufficient space to house all our major production machines and equipment. Though the machines and equipment may need to be ‘‘packed up closer’’, our Directors consider that the operation and flow of the production process will not be undermined. We will also rent other premises for office, storage and staff dormitory in surrounding area of the New Plant, which our Directors consider that all of them are readily available, and will provide housing allowance to our staff (if staff dormitory is not provided to them). The expected additional expenditure to rent other premises for office, storage and staff dormitory is approximately RMB0.3 million per month.

We target to take possession of and commence the refurbishment of the New Plant in around August 2018 and commence the actual physical relocation of our production facilitates in our Shenzhen Factory to the New Plant in around October 2018. We will gradually carry out the relocation in parallel with the refurbishment progress to minimise any adverse effect to our production operations. We target to finish the relocation and fully resume our production operations by February 2019. The following table sets out our plan to relocate our presses by stages from our Shenzhen Factory to the New Plant:

Item(Note 1)	**Time**(Note 2)	**W1**	**W2**	**W3**	**W4**	**W5**	**W6**	**W7**	**W8**	**W9**	**W10**	**W11**	**W12**	**W13**	**W14**	**W15**	**W16**
		October 2018				**November 2018**				**December 2018**				**January 2019**			
Five-colour offset press	2 weeks	■	■														
Five-colour offset press	3 weeks		■	■	■												
Two-colour offset press	2 weeks				■	■											
Offset press	3 weeks						■	■	■								
Offset press	3 weeks									■	■	■					
Five-colour offset press	2 weeks												■	■			
Five-colour offset press	1 week														■		
Seven-colour offset press	4 weeks													■	■	■	■
Six-colour offset press	4 weeks													■	■	■	■

Notes:

1. The relocation of other production machines such as die-cutting machine, plate-making machine and sport ultra-violet coating machine would be carried out according to and aligning with the relocation progress of the presses.

2. Relocation is expected to commence in October 2018, designated as the first week (W1).

In view of the above construction plan of the New Plant, in particular, the construction of the three-storey building for production factory of our Group in the New Plant with gross floor area of approximately 30,000 sq. m. and the Property Ownership Certificate of which are scheduled to be completed and obtained respectively by June 2018, our Directors consider that our aforesaid relocation plan is viable.

The total expenditure to relocate our Shenzhen Factory to the New Plant is estimated to be approximately HK$30 million, including, among others, the capital expenditure for refurbishing the New Plant at approximately HK$25 million (inclusive of the capital expenditure for refurbishing the segregated area in the New Plant for the New Markets expected to be approximately HK$5.7 million) and the logistic expenses at approximately HK$5 million. We plan to spend such expenditure by stages for the year ending 30 June 2019 after the Listing. We plan to finance such expenditure from the proceeds of the Share Offer. If there is any shortfall in funding, such expenditure will be financed by our internal resources.

The following table sets out the breakdown of the capital expenditure for refurbishing the New Plant:

Use	Area	Capital expenditure	Nature of refurbishment
Production area for the Existing Markets	20,000 sq. m.	HK$8.1 million	Design and build the layout, screeding floor and wall, installing water pipes, electricity wires, ventilation system and windows
Production area for the New Markets	3,000 sq. m.	HK$5.7 million	Design and build the clean room and ventilation system to meet the relevant international standards
Production area for new categories of value-added information technology-related services	2,500 sq. m.	HK$1.0 million	Design and build the layout of the production room for new categories of value-added information technology-related services, screeding floor and wall
Area for office, storage and other non-production uses	13,000 sq. m.	HK$5.2 million	Design and build the meeting rooms and office partitions, screeding floor and wall, installing water pipes, electricity wires, ventilation system and windows
Area for utilities	1,500 sq. m.	HK$0.6 million	Screeding floor, installing water pipes, watering system and electricity wires
Ten-storey Staff Dormitory	11,000 sq. m.	HK$4.4 million	Screeding floor and wall, installing doors, windows, ventilation system, water pipes and electricity wires
Open Area	9,000 sq. m.	—	—
Total:	60,000 sq. m.	HK$25.0 million	

Based on the MOU, we have the right to rent a total area of approximately 60,000 sq. m. for six years (fixed term of three years plus an option to renew for further three years) at a fixed rent of RMB913,590 per month. The monthly rent of our Shenzhen Factory is approximately RMB507,000.

Including the capital expenditure for refurbishing the New Plant at approximately HK$25 million (inclusive of the capital expenditure for refurbishing the segregated area in the New Plant for the New Markets expected to be approximately HK$5.7 million), or approximately RMB5.2 per sq. m. per month over this six years lease term, our total cost of using the New Plant will increase to approximately RMB20.4 per sq. m. per month.

We have consulted external independent valuer and understand that the current market rent for a factory in the Dongguan City is approximately RMB17 to RMB21 per sq. m. per month. Therefore, our Directors believe, and the Sponsor concurs, that the rent of the New Plant plus the capital expenditure for refurbishing the New Plant is within the market range and therefore the capital expenditure for refurbishing the New Plant at approximately HK$25 million is reasonable on this basis.

Our Directors consider there will not be any loss of revenue during the course of relocation with reasons as follows:

— the actual physical relocation of our production facilities in our Shenzhen Factory to the New Plant is scheduled from October 2018 to January 2019, not being our peak seasons;

— as per the aforesaid table, we relocate our presses by stages and therefore during the time of relocation, presses already relocated to the New Plant and presses yet to relocate can operate in parallel;

— with the aid of logistic service company, we will use our best endeavour to minimise the disassembly time, transportation time and installation time of our production machines; and

— the transfer of our staff in our Shenzhen Factory will be based on the progress of the relocation of the production machines to ensure smooth operations of both side.

To maintain and enhance our production capacity

As aforesaid, our Directors consider that our purchase orders and production volume will increase in achieving our business objective. Further, our Directors consider that our production capacity during the Track Record Period especially, during the peak seasons, had been almost saturated. For details, please refer to the paragraph headed "Our Production Facilities — Production capacity and utilisation rate" in this section. As such, our Directors consider that it would be in our best interests to purchase four presses to maintain and enhance our production capacity.

We schedule to purchase one new digital press and three new offset presses, functions and efficiency of all of which will be more advanced and better than our existing presses. The three new offset presses to be purchased can reach the maximum speed of 18,200 sheets per hour while the new digital press to be purchased can reach the maximum speed of 4,600 sheets per hour. Comparing with offset press, despite the lower sheet-output speed, digital press enjoys the benefit of, among others (i) skipping of the process of changing, mounting and adjusting the printing plates on the presses; (ii) shorter time for press adjustment; (iii) allowing variable data printing; and (iv) higher automation. Therefore, our Directors consider that given these benefits, digital press is more suitable than offset press for the printing services involving our new categories of value-added information technology-related services.

Further, it is expected that the production capacities of all four presses will be fully utilised with working hours of 22 production hours per day. Please refer to the paragraph headed "Our Production Facilities — Production capacity and utilisation rate" in this section for the discussion about the production capacities of our existing presses.

Half of the production capacity of the new offset press is expected to be assigned for the New Markets and half of the production capacity of the new digital press is assigned for the printing services involving our new categories of value-added information technology-related services, while the remaining two and a half of the production capacity of the three new offset presses and half of the production capacity of the new digital press are expected to be assigned for the Existing Markets.

The total expenditure to purchase four presses is estimated to be approximately HK$78 million and we plan to spend such expenditure by stages within six years after the Listing. In particular, we plan to purchase one new offset press and one new digital press (total expenditure of which is estimated to be approximately HK$38 million) within one year after the Listing, the other new offset press (total expenditure of which is estimated to be approximately HK$20 million) within four years after the Listing, and the remaining new offset press (total expenditure of which is estimated to be approximately HK$20 million) within six years after the Listing. We plan to finance such expenditure from the proceeds of the Share Offer. If there is any shortfall in funding, such expenditure will be financed by our internal resources.

The new offset press to be purchased within four years after the Listing may also replace our five-colour offset press which was purchased in 1994. After four years, that five-colour offset press will be aged 27 years. Although our estimated operational life for that five-colour offset press is 30 years (i.e. on or before 2024), in view of (i) its then high age resulting in higher risk of malfunction; and (ii) potential raise in frequency and cost of maintenance, after four years, our Directors consider that, with the purchase of a new offset press, it will be feasible for us to phase out that five-colour offset press.

The new offset press to be purchased within six years after the Listing may also replace our five-colour offset press which was purchased in 1998. After six years, that five-colour offset press will be aged 25 years. Although our estimated operational life for that five-colour offset press is 30 years (i.e. on or before 2028), in view of (i) its then high age resulting in higher risk of malfunction; (ii) potential raise in frequency and cost of maintenance; and (iii) potential technological advancement, after six years, our Directors consider that, with the purchase of a new offset press, it will be feasible for us to phase out that five-colour offset press.

To upgrade our ERP system

Our enterprise resources planning (ERP) system, which facilitates our production scheduling and allows real-time tracking of the production progress, is aged over ten years. Our Directors consider that since our purchase orders and production volume will increase in achieving our business objective, it would be in our best interests to upgrade our ERP system.

The total expenditure to upgrade our ERP system is estimated to be approximately HK$4 million and we plan to spend such expenditure by stages within two years after the Listing. We plan to finance such expenditure from the proceeds of the Share Offer. If there is any shortfall in funding, such expenditure will be financed by our internal resources.

Our Directors expect that with the expansion of our scope of printing services to cover the New Markets and increasing the categories of value-added information technology-related services on our printing products, we will receive new purchase orders from customers (which could be from existing or new customers) for packaging printing services for the New Markets and/or with the inclusion of the new categories of value-added information technology-related services, which we would not be able to receive the same during the Track Record Period. It follows that in achieving our business objective as aforesaid, our total purchase orders and production volume will be increasing. Given our almost saturated production capacity and the over-ten year aged enterprise resources planning (ERP) system, our Directors consider that in order to ensure such increasing purchase orders and production volume can be smoothly "digested" in the future, it would be in our best interests to purchase four presses and upgrade our ERP system.

Breakeven period and investment payback period for expansion to the New Markets

The following table sets out the calculation of the breakeven period and investment payback period for expansion to the New Markets and the assumptions involved:

Assumptions	**Expenditure**	**Breakeven period and investment payback Period**
— Half of the production capacity of one new offset press is assigned for the New Markets*(Note 1)* — Profit margin of providing printing services to the New Markets is the same as the Existing Markets*(Note 2)* — 10% of the revenue is attributable to the provision of printing services to the New Markets for the first year of operation since March 2019 — A ramp-up period of ten months starting from 1% of the revenue attributable to the provision of printing services to the New Markets for the first month to 10% for the tenth month with 1% increment by month — 5% annual growth of revenue for each subsequent year of operation	— Area expected to be segregated is approximately 3,000 sq. m.. Capital expenditure for refurbishing such segregated area in the New Plant is expected to be approximately HK$5.7 million (i.e. 3,000 sq. m. x HK$1,900) — Half of the purchase price of the new offset press to be purchased is expected to be approximately HK$11.5 million — Expenditure for applying ISO 15378:2015 for quality management system in relation to medical products packaging and ISO 22000 for food safety management system is expected to be HK$0.2 million	Breakeven period is expected to be approximately six months (i.e. by September 2019) Investment payback period is expected to be approximately 31 months (i.e. by October 2021)

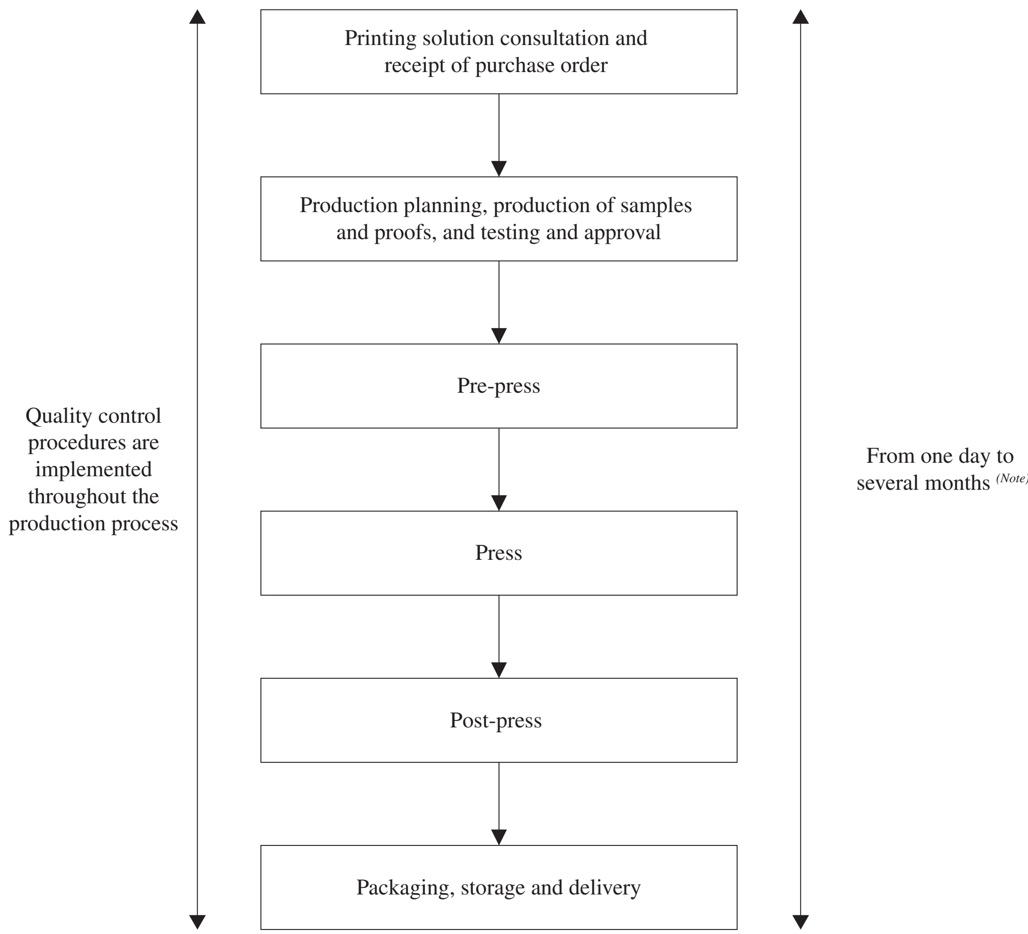
Notes:

1. Given the almost saturated production capacity of our Group, our Directors consider that all the presses (including the four new presses to be purchased) can be utilised by providing our printing services to the Existing Markets.

2. As supported by the Frost & Sullivan Report, the market profit margin of providing printing services to the New Markets is generally higher than the Existing Markets.

BUSINESS MODEL AND OUR OPERATION FLOW

Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. Our printing services focus on paper-related printing products and we can cater for our customers' diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas. The diagram below illustrates the business model of our typical operation:



Note: The time span from the receipt of purchase order from our customers to the delivery of printing products ranges from one day to several months. The actual duration for us to process each purchase order shall depend on the complexity of the design of the printing products, quantity, customers' special requirements, urgency of delivery as well as our production capacity and schedule. As such, the time required for the entire process of a purchase order fulfilment differs from case to case.

Printing solution consultation and receipt of purchase order

Upon receiving a request for quotation from a customer, we are provided with two-dimension digital files from our customers regarding the product designs and specifications for us to prepare the quotation which contains, among others, unit price, terms of delivery and quantity. For details of our pricing policy, please refer to the paragraph headed "Sales and Marketing — Pricing policy" in this section. We also communicate with the production department in our Shenzhen Factory to ensure that we have the requisite raw materials, personnel, technical support and production capacity to meet the requirements of the purchase order. In preparing our quotation, we provide printing solution consultation to our customer including suggestions of amendments to the product design and colour-mix to enhance the production cost-effectiveness. Negotiation of the quotation may be carried out between us and our customer.

When our quotation is accepted, our customer will place a purchase order to us which sets out the agreed terms between the parties including, among others, product descriptions, unit price, quantity, terms of payment, terms of delivery, requirements on restricted or hazardous substances and product warranty. For details, please refer to the paragraph headed "Our Customers — Major contract terms with our customers" in this section.

Production planning, production of samples and proofs, and testing and approval

After receipt of purchase order, if necessary, we will devise a raw material procurement plan to procure raw materials from our suppliers. We will also devise a production plan in accordance with our customers' requirements to facilitate us to eliminate unnecessary and avoidable issues and identify production obstacles at the outset.

Before pre-press, we will make mockup samples (for demonstrating the size and shape of the final printing product), digital colour-proofs (for demonstrating the colour of the final printing product, the same may also be prepared by our customers) and/or blue-prints (for proofreading) of the products for our customer's approval. The mockup samples will also be used for testing of the raw materials proposed to be used, to ensure that they satisfy our customer's requirements. These mockup samples, digital colour-proofs and blue-prints will be relied upon during the quality control process. For repeated purchase order from existing customer, this process may be shortened or skipped, depending on our customer's request.

Pre-press

Pre-press activities involve series of preparation steps for the bulk printing, comprising of, among others, digital manipulation, colour separation, proofing and plate-making.

In general, based on the approved mockup samples, digital colour-proofs and blue-prints, we will commence the computer-to-plate process, which involves transferring the images in digital format from the computer onto a number of physical offset lithography plates. The offset lithography plates are then installed in the presses.

For printing products requiring die-cutting, we will design and produce samples of the die-cut mold.

Press

After the presses have been set up and adjusted properly, the operators of the presses will firstly print out several sheets for testing and quality control purposes, including, among others, checking against the mockup samples, digital colour-proofs and blue-prints to ensure that the products are in conformity with our customer's requirements and specifications, before bulk printing.

In the printing process, ink is applied on the offset lithography plate and transferred to an intermediate blanket cylinder and then onto the paper which passes through the printing unit. When a sheet of paper passes through multiple printing unites, different colours are printed on to the paper.

Post-press

Once the printing process is completed, the printed products will undergo one or more post-press treatments so that they take their final forms. We offer a broad selection of post-press treatments to our customers such as spot ultra-violet coating, varnishing, calendaring, film laminating, gold stamping, corrugated paper lamination, die-cutting, folding and binding/gluing and handcrafting, as well as certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products. Our customers may choose one or more of these post-press treatments depending on their needs.

The printed papers may also undergo spot ultra-violet coating, varnishing, calendaring, film laminating and/or gold stamping, subject to the requirements of our customers. Spot ultra-violet coating refers to the process where ultra-violet cured coatings are applied over the printed products to create a shiny surface. Varnishing refers to the spraying of varnishes, such as oil and water based varnishes, on to the surface of the printed products to give a gloss finishing and protect the printing underneath (usually it takes two to three days for the varnish to dry). Calendaring refers to the process where printed papers are pressed by two stainless cylinders making them more reflective. Film laminating refers to the adding of a transparent plastic layer on to the printed products to give better appearance and a plastic texture. Gold stamping is a technique that uses heat to iron golden paint on to particular areas of the printed product to give a golden colour and a special texture.

Corrugated paper lamination refers to the printed papers being glued with other materials for different purposes. For example, printed papers may be glued onto cardboards or cartons to increase their thickness or hardness, or to enhance the esthetics of the cartons.

Die-cutting refers to the printed products being cut into specific shapes or by a specific way using die-cut molds (wooden boards with blades annexed on them) so that they may be assembled into boxes. An automatic die-cutting machine would be used to press the die-cut molds into the printed products.

Folding and binding/gluing process refers to the printed papers being cut, folded, collated and stapled, or glued into booklet/book products, such as instruction manuals, pocketbooks and notebooks. This process may involve certain manual and/or semi-manual assembling procedures. For the manufacture of a typical instruction manual, the printed sheets are machine-folded and stapled to form booklets and are manually collected into boxes.

Handcrafting processes include, among others, production of delicate high-end gift boxes, assembling of gift boxes or packages, packing of game cards or other paper products into packages, and processing printed products that cannot otherwise be achieved by automatic machines.

Variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes will involve the use of variable data printing presses while the inclusion of embedded codes technology for talking talking pen will involve the use of a special ink.

Packaging, storage and delivery

Upon the completion of the entire production process, the finished products are packed into boxes or bags manually or by automated machines. The packed products will then be stored at the factory warehouse pending delivery.

All of our printing products are delivered to our customers by land. Our customers either request us to deliver our printing products to their designated addresses in Hong Kong and Shenzhen, the PRC, such as their factor/office addresses or the container port in Hong Kong or the PRC.

We have our fleet of vehicles to handle delivery of our products. We may also engage external transportation service providers when our fleet of vehicles is fully utilised.

Quality control

We pride ourselves in the production of high quality and reliable products. We have an established and comprehensive internal quality control practice that allows us to uphold our product quality standards as well as meeting our customers' requirements. Our quality control procedures are implemented throughout the production process.

Our quality control department, with more than 30 people and headed by our chief executive officer and deputy general manager, is responsible for ensuring that the raw materials, semi-finished products and finished products meet our customers' standards and fulfill their requirements as well as the recognised industrial standards such as ISO, G7, GMP and HACCP.

We also communicate regularly with our customers to obtain feedbacks on the quality of our printing products. We have not experienced any material products return or substantive quality complaints from our customers during the Track Record Period.

In recognition of our quality control practice, we have obtained numerous certifications and qualifications. For details, please refer to the paragraph headed "Major Qualifications and Licences" in this section.

Incoming quality control

For quality control purposes, we only make procurements of raw materials from suppliers on our approved list of suppliers. These suppliers are required to pass our inspections and have satisfactory records. We conduct regular site visits and due diligence works on our suppliers. Only suppliers having the requisite certificates and a well-established quality control system are eligible to be on our approved list of suppliers. For each type of raw materials, it is our general policy to maintain multiple suppliers in order to avoid over relying on any single supplier.

Prior placing the purchase orders, we will ensure the raw materials to be provided by our supplier are in conformity with our customers' requirements and the applicable international standards, including the standards of GMP and HACCP about, among others, the restricted or hazardous substance free requirement. For details of our compliance with the standards of GMP and HACCP, please refer to the paragraph headed "Major Qualifications and Licences" in this prospectus.

Upon receiving the raw materials, we will conduct an incoming quality control testing on them to check if their quality is satisfactory. If we do not have the required equipment to test the incoming materials, we will engage third parties to test the materials. Only raw materials that pass our incoming quality control will be used in our production process. During the Track Record Period, we did not have any material return of raw materials to or claim against our suppliers.

Process quality control

Process quality control is conducted throughout our production process. Our quality control personnel are stationed at each important production stage to conduct inspections.

In relation to production stages that require the use of machines, such as presses and die-cutting machines, we will first produce a few samples for quality checking purposes. We will follow a check list and checking the samples against the worksheet, mockup samples and blue-prints to ensure that the printing products are in conformity with our customer's requirements and specifications before bulk printing.

In other production stages, we will conduct random check on the semi-finished products. In situation where the finished product does not conform to our quality standards, we will immediately carry out rectification measures, such as re-processing them, discarding them and producing a new batch of printing products.

Out-going quality control

Out-going quality control is conducted at the finishing stage of the production process. In this process, we conduct sample checks on the finished products to see if they are in conformity to our customers' requirements before packaging and delivery. Printing products that do not pass the quality control inspection may be re-processed or discarded. During the Track Record Period, we have not experienced any material product return or substantive quality complaints.

Transfer pricing

During the Track Record Period, the flow of raw materials/finished goods was as follow:

— Tung Pak purchased raw materials from Sun Hing via Mau Hing;

— Tung Pak manufactured the finished goods from raw materials; and

— Tung Pak sold the finished goods (e.g. printing products) to Sun Hing/Winstar via Mau Hing for onward sales to third party customers.

In accordance with the transfer pricing analysis prepared by our Group's independent tax consultant on transfer pricing matters, each of the aforesaid entities can be characterised as follow:

— Tung Pak can be characterised as a contract manufacturer;

— Mau Hing and Winstar can be characterised as re-invoicing agents; and

— Sun Hing can be characterised as the principal of our Group during the Track Record Period.

Tung Pak has maintained appropriate transfer pricing documentation in compliance with China's State Administration of Taxation Circular Guoshuifa [2009] No. 2 for the years ended 31 December 2013, 2014, 2015 and 2016. According to Tung Pak's transfer pricing documentation for the year ended 31 December 2015, the interquartile range of weighted average mark-up on total costs achieved by independent companies comparable to Tung Pak for 2012 to 2014 was 0.55% to 5.44%, with a median of 2.69%. Tung Pak earned a weighted average mark-up on total costs of 3.56% for the Track Record Period, which was within the interquartile range, and above the median. Therefore, it is considered that the transfer pricing arrangement between Tung Pak and its affiliates is in accordance with the arm's length principle from a Chinese transfer pricing perspective. On the other hand, Mau Hing, Winstar and Sun Hing maintained a reasonable return for their buy-sell activities during the Track Record Period. Based on the above, the independent tax consultant is of the view that the Group's transfer pricing arrangement during the Track Record Period has been in compliance with the applicable China and Hong Kong transfer pricing guidelines/regulations.

OUR PRINTING SERVICES

Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. During the Track Record Period, our printing services can be broadly categorised into:

— packaging printing services which cover, among others, corrugated boxes, gift boxes, card boxes and product boxes;

— booklet printing services which cover, among others, instruction manuals, hardback books and booklets;

— card printing services which cover, among others, colour cards, insert cards, warranty cards and plain cards; and

— other printing services which cover, among others, stickers, colour papers, yupo papers, red packets and paper bags.

Our printing services focus on paper-related printing products and we can cater for our customers' diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas. During the Track Record Period, our printing products were used in the markets of various consumer products as well as for the purposes of promotion, advertising and education. We also plan to expand the scope of our printing services to cover the markets of food, cosmetic and medical. For details, please refer to the paragraph headed "Business Strategies — Business objective — To expand the scope of our printing services" in this prospectus.

OUR PRODUCTION FACILITIES

Production site

As at the Latest Practicable Date, our Shenzhen Factory, which is responsible for all our printing products production and delivery, is located at Long Gang Zone, Shenzhen, the PRC with less than 20 k.m. from the container port in Yantian, Shenzhen, the PRC, and with gross floor area of production factory approximately 26,000 sq. m. and staff dormitory approximately 7,000 sq. m., open area of approximately 9,000 sq. m. and utilities of approximately 1,000 sq. m.. Our Shenzhen Factory was equipped with over 600 production machines and equipment as at 30 June 2017. As at the Latest Practicable Date, our major production machines included nine presses, seven die-cutting machines, one plate-making machine and one spot ultra-violet coating machine, the particulars of which are set forth below:

No.	Machines	Country of origin	Year of acquisition	Purchase price(Note 1)	Estimated operational life(Note 2)	Estimated remaining operational life(Note 2)
				(RMB'000)	*(Years)*	*(Years)*
1.	Five-colour offset press	Germany	1994	10,269.8	30	7
2.	Five-colour offset press	Germany	1998	10,685.0	30	11
3.	Offset press	Germany	2000	1,766.8	20	3
4.	Five-colour offset press	Germany	2002	15,222.7	30	16
5.	Automatic die-cutting machine	Japan	2002	1,488.2	25	11
6.	Plate-making machine	U.S.A.	2004	2,427.6	15	3
7.	Automatic die-cutting machine	Japan	2005	2,085.5	25	14
8.	Offset press	Germany	2006	13,949.1	30	19
9.	Automatic die-cutting machine	The PRC	2007	1,170.0	15	5
10.	Automatic die-cutting machine	The PRC	2007	1,720.0	15	6
11.	Automatic die-cutting machine	The PRC	2008	1,170.0	15	6
12.	Six-colour offset press	Germany	2009	16,942.6	30	22
13.	Automatic die-cutting machine	The PRC	2009	1,453.0	15	7
14.	Two-colour offset press	Germany	2013	772.5	15	11
15.	Seven-colour offset press	Germany	2013	11,971.6	30	26
16.	Five-colour offset press	Germany	2014	8,346.5	30	27
17.	Automatic die-cutting machine	Japan	2015	1,522.8	25	23
18.	Automatic spot ultra-violet coating machine	The PRC	2015	1,094.0	20	18

Notes:

1 We purchased all the above machines in RMB at the relevant dates of acquisition.

2. We determine the estimated operational life and estimated remaining operational life of our major production machines based on, among others, expected usage, expected physical wear and tear and our experience on similar production machines. Despite a majority of our major production machines are aged over ten years, in view of the current status of those machines and given with proper maintenance, our Directors consider that all those machines are still in good operating mode.

We adopt a straight-line depreciation policy on our plant and machinery for five to twenty years, which our Directors believe is in line with industry norm. For details of the relevant accounting policies and estimates, please refer to notes 3 and 4 of the Accountants' Report set out in Appendix I to this prospectus. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material work interruption due to malfunction of our production machines.

During the Track Record Period, we purchased over 100 production machines and equipment to maintain our production capacity and keep track with the technological development, which included three presses, one die-cutting machine and one spot ultra-violet coating machine, and other numerous machines and equipment for pre-press and post-press treatments. For each of the three years ended 30 June 2017, our additions of plant and machinery were approximately HK$16.8 million, HK$2.2 million and HK$3.2 million, respectively.

As at the Latest Practicable Date, we owned all the production machines.

Production capacity and utilisation rate

The table below sets out information about the estimated maximum production capacity and the estimated average utilisation rate of our production facilities during the Track Record Period:

For the year ended 30 June 2015

July to September			October to December			January to March			April to June		
Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*
14,756	11,440	127.5%	11,297	11,088	103.4%	8,478.5	10,736	79.7%	11,475	10,912	104.9%

For the year ended 30 June 2016

July to September			October to December			January to March			April to June		
Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*
11,769	12,155	95.9%	11,785	11,781	99.3%	9,732	11,407	85.0%	14,313.5	11,781	118.8%

For the year ended 30 June 2017

July to September			October to December			January to March			April to June		
Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*	Actual working hours *(Note 1)*	Maximum working hours *(Note 2)*	Utilisation rate *(Note 3)*
14,267	12,155	117.2%	10,903.5	12,595	86.6%	8,767	11,407	76.4%	12,139	11,781	102.6%

Notes:

1. It is for illustration only. The actual working hours include the actual bulk printing time and the time required for changing, mounting and adjusting the printing plates on the presses, and for colour adjustment, before bulk printing.

2. It is for illustration only. The maximum working hours for each quarter is taken to be the sum of maximum working hours for each press. The maximum working hours for each press is calculated by "production hours per day for each press" x "production days per each quarter". We estimate the maximum working hours based on 22 production hours per day for five to seven presses while 11 production hours per day for the remaining three to five presses during the Track Record Period. Production days are the days other than a Saturday, Sunday or public holiday in the PRC. As such, there were 65, 63, 60 and 62 production days for each of the quarters in the year ended 30 June 2014, 65, 63, 61 and 62 production days for each of the quarters in the year ended 30 June 2015, 65, 63, 61 and 63 production days for each of the quarters in the year ended 30 June 2016, and 65, 65, 61 and 63 production days for the year ended 30 June 2017, respectively.

3. It is for illustration only. Calculation of the utilisation rate is based on the actual total working hours of the relevant period divided by the maximum working hours of the relevant period.

The estimated average utilisation rate of our production capacity exceeded 100% because our presses had been operating overtime at more than the assumed production hours per day and/or the assumed production days per each quarter.

During the peak seasons namely from June to September, the estimated average utilisation rates of our production capacity were generally higher than the low seasons during the Track Record Period. For more discussion of our seasonality, please refer to the paragraph headed "Sales and Marketing — Seasonality" in this section. In view of the table above, our Directors consider that our production capacity during the Track Record Period especially, during the peak seasons, had been almost saturated.

We prepare to spend approximately HK$78 million to purchase four presses to maintain and enhance our production capacity. For details of our future plan to maintain and enhance our production capacity, please refer to the paragraph headed "Business Strategies — Future plans — To maintain and enhance our production capacity" in this section. Save for such future plan to purchase four presses and our plan to phase out the five-colour offset press which was purchased in 1994 after our purchase of a new offset press within four years after the Listing and the five-colour offset press which was purchased in 1998 after our purchase of a new offset press within six years after the Listing, we do not have any replacement plan for, and do not intend to phase out any of, our major production machines. The impact of such acquisition of four presses on depreciation charges for each of the four years ending 30 June 2021 amounts to approximately HK$1.9 million, HK$3.8 million, HK$3.8 million and HK$4.8 million, respectively.

Repair and maintenance

We repair and maintain our machinery and equipment on a regular basis. In addition, we carry out our major machinery and equipment repairing, inspection and/or maintenance during off seasons every year in order to avoid material disruption to our production. We engage third party service providers to repair and maintain our machinery and equipment on a regular basis. For each of the three years ended 30 June 2017, our expenses in repairing and maintaining our machinery and equipment, including the expenses of purchasing replaceable parts, accounted for approximately HK$4.3 million, HK$2.9 million and HK$3.6 million, respectively. During the Track Record Period, we did not experience any material production interruption.

SALES AND MARKETING

Our sales and marketing department, with more than 20 people, headed by Mr. Kenneth Chan, our chief executive officer and executive Director, is responsible for sourcing orders from our customers and during the Track Record Period, we did not commission any external sales agents or representatives to source orders and that our customers placed orders to us directly. We do not have any overseas offices.

Our sales and marketing department is also responsible for identifying new business opportunities and establishing relationships with our customers. Our sales and marketing department conducts regular meetings to discuss marketing strategies, sales performance, and measures to improve service quality, as well as to visit our customers to understand their needs and promote our range of products and services. Further, although our Directors consider that our sales substantially rely on referrals and word-of-mouth, we regularly participate in certain national exhibitions in the PRC printing industry including the All in Print China Exhibition (中國國際全印展), Sino Folding Carton Exhibition (中國國際彩盒展) and Sino Corrugated Exhibition (中國國際瓦楞展), to explore new customer base and business opportunities.

Our Directors consider that our relationship with our customers, expertise, reputation in the industry and previous product references are our valuable assets to secure future sales. We also believe that the Listing will be a breakthrough in promoting our Group to the general public, further enhancing our brand and continued future business development.

Pricing policy

We determine our price on an order-by-order basis and adopt a cost-plus approach to determine our fee quote. We estimate the cost by considering the raw materials cost, quantity, labour cost, production cost, credit terms and terms of delivery, and determine the mark-up margin by considering our production schedule, seasonality factor, complexity and relationships with the customer. For new customers, we generally request them to pay a deposit of 50% of the total purchase price. All our fee quote must be approved by our chief executive officer.

Seasonality

Demand of our products is subject to seasonal fluctuation. The peak season for our Group is typically from June to September as our products are produced and delivered for our customers to meet their product demand during the Christmas and New Year holidays. During such periods, our Directors considered that our production capacity is fully utilised. For details of our production capacity and utilisation rate, please refer to the paragraph headed "Our Production Facilities — Production capacity and utilisation rate" in this section.

OUR CUSTOMERS

We are able to serve worldwide customers with diversified printing needs. During the Track Record Period, our top five customers comprised, among others, wholesaler of home furnishings and housewares, OEM manufacturer specialising in electrical household appliances, company engaging in distribution and resale of packaging equipment, facility supplies and paper, promotion and products design and development company, marketing services company, toy products manufacturer and company providing loyalty programme, strategic marketing and advertising services, stationed in Hong Kong, U.S. and Netherlands.

Our sales are made on the basis of individual purchase order placed by our customers and we did not enter into any master long-term contract or framework agreement with our customers during the Track Record Period and up to the Latest Practicable Date.

For each of the three years ended 30 June 2017, our top five customers were Independent Third Parties, and total revenue attributable to them amounted to approximately HK$169.5 million, HK$142.8 million and HK$170.5 million, representing approximately 58.6%, 49.0% and 56.3% of our total revenue, respectively. During the same period, total revenue attributable to our largest customer amounted to approximately HK$76.3 million, HK$41.9 million and HK$50.7 million, representing approximately 26.4%, 14.4% and 16.7% of our total revenue, respectively. None of our Directors, Shareholders (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) or their respective close associates had any interest in any of our top five customers during the Track Record Period.

Save and except Customer D, our major customers engaged by us are not our major suppliers, nor vice versa. During the Track Record Period, Customer D occasionally provided arts works services to us. For each of the three years ended 30 June 2017, our revenue attributable to Customer D amounted to approximately HK$29.8 million, HK$23.2 million and HK$27.0 million with gross profit with Customer D of approximately HK$8.7 million, HK$5.8 million and HK$7.2 million for the same periods, respectively. For the same periods, our expenses attributable to Customer D's provision of arts works services to us amounted to approximately HK$6.7 million, HK$3.3 million and HK$2.2 million, respectively.

The following table sets forth the details of our top five customers during the Track Record Period:

Customer	Background	Printing product categories we provided to	Approximate % of our revenue for the year ended 30 June 2015	2016	2017	Length of business relationship with us at the Latest Practicable Date
Customer A	A company incorporated and operating in Hong Kong with its line of business including the wholesale distribution of home furnishings and housewares. It has a history of over 100 years. It serves customers worldwide with more than 6,000 containers shipped annually	Plain cards, colour cards, card boxes, corrugated boxes and instruction manuals	9.9%	14.4%	12.4%	Since August 1999
Customer B	A company incorporated and operating in Hong Kong, and is a OEM manufacturer specialising in electrical household appliances. It serves customers worldwide and has four production plants in the PRC, with a total floor area of over 4 million sq. ft. and a 20,000 strong workforce. It produces a yearly average of 25 million product units	Warranty cards, corrugated boxes, instruction manuals and gift boxes	26.4%	9.5%	8.8%	Since May 2006
Customer C	A U.S. company engaging in distribution and resale of packaging equipment, facility supplies and paper. It serves customers mainly in U.S., Canada and Mexico. It has over 8,000 employees, 170 distribution centers and twenty million sq. ft. of distribution center space	Corrugated boxes and gift boxes	—	9.6%	9.5%	Since December 2014
Customer D	A promotion and products design and development company incorporated and operating in Hong Kong. It serves customers worldwide. According to its website, it has 13 offices worldwide	Colour cards, hardback books, booklets and gift boxes	10.3%	8.0%	8.9%	Since December 2006
The Marketing Store Worldwide L.P.	A U.S. company with its line of business including provision of marketing services	Booklets	—	7.5%	16.7%	Since August 2014
Customer E	A manufacturer of toy products incorporated and operating in Hong Kong. It serves customers worldwide	Corrugated boxes, insert cards, colour cards and product boxes	6.8%	—	—	Since May 2012
Customer F	A Netherlands company providing loyalty programme, strategic marketing and advertising services. It serves customers worldwide and has 14 offices all over the world	Booklets, product boxes and gift boxes	5.2%	—	—	Since January 2012
		Total:	58.6%	49.0%	56.3%	

Note: Only figures of our top five customers of each of the three years ended 30 June 2017 are shown in the table.

Major contract terms with our customers

When our quotation is accepted, the customer will place a purchase order to us which sets out the agreed terms between the parties including, among others, product descriptions, unit price, quantity, terms of payment, terms of delivery, requirements on restricted or hazardous substances and product warranty, which are summarised below:

Major contract terms	Description
Product descriptions, unit price and quantity	In one purchase order, there can be more than one printing products. For each printing product, the purchase order sets out a brief description of such printing product, the item code, delivery date, quantity, unit price and total amount, all of which can be different with other printing products under the same purchase order.
Terms of payment	For new customers, we may request them to pay a deposit of 50% of the total purchase price. We issue an invoice to our customers for the outstanding payment upon delivery. We generally grant them an average credit period of 30 to 90 days for settling our invoices. For customers who place numerous purchase orders from time-to-time, we issue a monthly statement to them by the end of each calendar month for all the outstanding invoices during that calendar month and we generally grant them an average credit period of 30 to 90 days for settling such outstanding amount under the monthly statement. Payment is usually made by way of cheque or bank transfer in Hong Kong dollars or U.S. dollars.
Terms of delivery	All of our printing products are delivered to our customers by land. Our customers either request us to deliver our printing products to their designated addresses in Hong Kong, Shenzhen, the PRC, or to the third party freight forwarders designated by our customers at a designated place (usually the container port in Hong Kong or the PRC).
Requirements on restricted or hazardous substances	Our customers generally require certain restricted or hazardous substances in the materials of our printing products to be below a certain prescribed amount. Such requirements differ from customer-to-customer and from product-to-product.
Product warranty	We are required to warrant our customers that our printing products are of satisfactory quality and fit for the prescribed purposes.

OUR SUPPLIERS AND RAW MATERIALS

Our principal raw material is paper. Our top five suppliers during the Track Record Period comprised, among others, suppliers of paper stationed in the PRC. For each of the three years ended 30 June 2017, the purchase of raw materials for production of our printing products constituted our largest cost of sales, which amounted to approximately HK$128.2 million, HK$119.9 million and HK$112.8 million, representing approximately 58.1%, 62.8% and 58.8% of our total cost of sales, respectively. Among the purchase cost of raw materials, approximately 89.0%, 88.2% and 86.4% were the cost of paper, while the remaining cost were the cost of other raw materials such as aluminium plates and ink.

According to the Frost & Sullivan Report, the price index of paper slightly decreased from 95.6 in 2012 to 94.9 in 2013 and then slightly increased to 97.0 in 2016, while the price index of ink slightly increased from 87.4 in 2012 to 91.1 in 2015 and then slightly decreased to 89.8 in 2016. As such, our Directors consider that since our fluctuations on the purchase of raw materials for production of our printing products during the Track Record Period were not attributable to the price fluctuations of paper and ink during the same period, our Group's risk exposure to price fluctuations of paper and ink is relatively low.

We place purchase orders to our suppliers for raw materials based on our production needs and inventory control measures. Save and except a master supply agreement signed with a supplier of NFC technology products in Norway on our exclusive right to distribute our printing products incorporated with their NFC technology products to certain customer brands in Hong Kong and Macau, we did not enter into any master long-term contract or framework agreement with our suppliers during the Track Record Period and up to the Latest Practicable Date. The major terms of the said master supply agreement are summarised below:

Major contract terms	Description
Term	The term of the agreement shall continue for an initial period of one year from 12 December 2016, and shall automatically be renewed for additional one year periods unless either party provide a written notice stating the otherwise to the other party 90 days before the next renewed period.
Prices	Prices will set forth in each purchase order.
Minimum purchase amount	We agreed to the following minimum purchase amount for the first 12 months: (a) first 6 months: 30,000 tags (b) following 3 months: 60,000 tags (c) following 3 months: 120,000 tags For any subsequent periods, the minimum purchase amount shall be determined prior to the commencement of such subsequent period.

Major contract terms	Description
Payment term	We shall pay within 30 days after receiving an invoice.
Inspection	We are required to issue a written notice to the supplier within 10 days if the products have any visible defects or damage, and the supplier shall remedy the same, including repair or replacement, within 45 days.
Exclusivity	We have the exclusive right to distribute our own printing products incorporated with the supplier's NFC technology products to certain customer brands in Hong Kong and Macau.
Insurance	During the term of the agreement and of a period of 3 years thereafter, we shall maintain adequate insurance policies to cover our obligations in the agreement and as required by the applicable law.
Termination	The agreement may be terminated at any time: (a) by one party upon written notice to the other party, if such other party failed to perform any of its material obligations under the agreement and fails to cure such default within 45 days after the written notice; or (b) if either party has a receiver appointed or an insolvency, bankruptcy or similar proceeding is brought by or against the other party and involving the other party as debtor, and if brought against the other party is not dismissed within 60 days from its institution, or if one party goes into liquidation or otherwise ceases to function as a going concern.

We have stringent quality control over the raw materials from our suppliers in order to, among others, meet the requirements on restricted or hazardous substances. For details, please refer to the paragraph headed "Business Model and Our Operation Flow — Quality control — Incoming quality control" in this section.

Our inventory includes raw materials that are frequently used in the production process. It is our policy to maintain a minimum but sufficient inventory level of principal raw materials that are frequently used in the production process. Further, we closely monitors the inventory level of our raw materials and when the inventory level of a particular raw material drops to a certain level, we will place orders with our suppliers to maintain the inventory level for our future production for approximately one to two months. Such inventory level will be revised from time to time by making reference to outstanding purchase orders and our production schedule. This way, we ensure that we do not stock up raw materials unnecessarily but at the same time secure a stable supply of quality raw materials at reasonable cost.

Our suppliers generally grant us an average credit period of 30 to 90 days after we receive their invoice and inspect the goods provided by them. In most scenarios, we settle our suppliers' invoices by cheque or bank transfer in Hong Kong dollars, U.S. dollars or RMB.

It is our general policy to maintain multiple suppliers in order to avoid over relying on any single supplier. Due to the established business relationships with our suppliers, our suppliers are familiar with our demand on quantity and requirements as to the quality of the raw materials we need. During the Track Record Period, we did not rely on any single supplier of each type of raw materials and did not experience any material shortage of our major raw materials.

For each of the three years ended 30 June 2017, our top five suppliers were Independent Third Parties, and total purchase attributable to them amounted to approximately HK$63.7 million, HK$59.5 million and HK$53.4 million, representing approximately 50.5%, 51.7% and 52.1% of our total purchases, respectively. During the same period, total purchase attributable to our largest supplier amounted to approximately HK$17.2 million, HK$16.7 million and HK$19.2 million, representing approximately 13.7%, 14.5% and 18.8% of our total purchases, respectively. None of our Directors, Shareholders (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) or their respective close associates had any interest in any of our top five suppliers during the Track Record Period.

The following table sets forth the details of our top five suppliers during the Track Record Period:

		Approximate % of our purchase for the year ended 30 June			Length of business relationship with us at the Latest Practicable Date
Supplier	**Background**	**2015**	**2016**	**2017**	
Supplier A	A supplier of paper products, including art papers, art boards, wood-free, brief cards, ivory boards, playing card boards, carbonless papers, thermal papers and photocopy papers	13.3%	14.5%	18.8%	Since January 2011
Supplier B	A supplier of linerboards and corrugating medium used for different industrial packaging purposes, and being a subsidiary of a company listed in Hong Kong	13.7%	14.2%	14.1%	Since October 2012
Supplier C	A supplier of paper products including carton products, paper boxes, paperboards, wrapping papers and corrugated papers	6.5%	12.3%	7.5%	Since October 2011
Supplier D	A supplier of paper products, including corrugated papers	10.7%	6.3%	7.2%	Since August 2012
Supplier E	A supplier of paper products including white coated duplex boards with grey back and test liner boards	6.3%	4.4%	4.5%	Since March 2005
	Total:	50.5%	51.7%	52.1%	

Note: Only figures of our top five suppliers of each of the three years ended 30 June 2017 are shown in the table.

MAJOR QUALIFICATIONS AND LICENCES

As advised by the PRC Legal Advisers, we have duly obtained the business licence (企業法人營業執照) issued by the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局) (which will expire on 1 July 2024), the printing operation licence (印刷經營許可證) issued by the Administration of Press and Publication of Shenzhen Municipality (深圳市新聞出版局) (which will expire on 31 March 2018), and the printing processing licence of publication materials from overseas, Hong Kong, Macau and Taiwan (國外及港、澳、台出版物來(進)料加工印件准印證) and the printing processing filing form of materials from overseas for packaging and decorating printing products and other printing products (包裝裝潢印刷品和其他印刷品來(進)料加工備案表), both issued by the Administration of Press, Publication and Broadcast of Shenzhen Municipality (深圳市新聞出版廣電局) (both of which will expire on 31 December 2017) for our printing business in the PRC.

Further, as advised by the PRC Legal Advisers, the instruction manuals, booklets, notebooks, packaging boxes, etc. which we printed are classified by the relevant PRC authority as decoration and packaging printing products and other printed matters, and we have obtained the printing processing filing form of materials from overseas for packaging and decorating printing products and other printing products (包裝裝潢印刷品和其他印刷品來(進)料加工備案表) for printing those products. The hardback books which we printed is classified by the relevant PRC authority as publications, and we have obtained the printing processing approval of publication materials from overseas, Hong Kong, Macau and Taiwan (國外及港、澳、台出版物來(進)料加工印件准印證) for such printing hardback books.

As confirmed with the Administration of Press, Publication and Broadcast of Shenzhen Municipality (深圳市新聞出版廣電局), if a wholly foreign-owned printing company holding printing operation licence (印刷經營許可證) for decoration and packaging prints has obtained the printing processing approval of publication materials from overseas, Hong Kong, Macau and Taiwan (國外及港、澳、台出版物來(進)料加工印件准印證) and the printing processing filing form of materials from overseas for packaging and decorating printing products and other printing products (包裝裝潢印刷品和其他印刷品來(進)料加工備案表), such wholly foreign-owned printing company is also allowed to print the publications and other printed matters as stipulated in the approval and filing form provided that all such printing products shall be exported from the PRC.

Therefore, as advised by our PRC Legal Adviser, we have obtained all the relevant licences, permits or approvals in relation to our operation in the PRC.

With the support of the PRC Legal Advisers, save as disclosed in the paragraph headed "Legal Proceedings and Legal Compliance" in this section, our Directors confirm that we have duly complied with all the material laws and regulations for our operation in the PRC in terms of, among others, business, tax, social insurance, housing provident fund, production safety and environmental protection, during the Track Record Period.

The following table sets forth our qualifications which demonstrate the recognised quality standards and safety of our products, and our ability to operate our business in an environmental and social responsible manner, thereby considered by our Directors as material qualifications:

No.	Certifications	Issuing organisation	Year of grant	Expiry date	Description
1.	ISO 9001:2008	SGS United Kingdom Ltd Systems & Services Certification	2001	2 September 2018	The management system of our Shenzhen Factory has been assessed and certified as meeting the requirements of ISO 9001:2008 for the manufacturing of colour boxes, gift boxes, cards and manuals
2.	Standard for Chain of Custody Certification and Chain of Custody Certification of Multiple Sites under Forest Stewardship Council	SGS Hong Kong Limited Systems & Services Certification	2010	28 December 2020	Our management system has been assessed and our products have been certified as meeting the requirements of the chain of custody standard under Forest Stewardship Council
3.	ISO 14001:2015	SGS United Kingdom Ltd Systems & Services Certification	2011	28 July 2020	The management system of our Shenzhen Factory has been assessed and certified as meeting the requirements of ISO 14001:2015 for the manufacturing of colour boxes, gift boxes, cards and manuals
4.	G7 certification of qualification	Idealliance	2017	31 January 2018	We have achieved the level of G7 master qualification by demonstrating through production of print and/or proofing, the knowledge and skill required and the fundamental practices essential to meeting the G7 methodology in a graphic communications production environment

No.	Certifications	Issuing organisation	Year of grant	Expiry date	Description
5.	Intertek GMP	Intertek Testing Services Ltd., Shanghai	2017	4 January 2018	Our Shenzhen Factory has been assessed and found to comply with the requirements of the international code of practice general principles of food hygiene for the manufacturing of colour boxes, gift boxes, cards and manuals
6.	Intertek HACCP	Intertek Testing Services Ltd., Shanghai	2017	4 January 2018	Our Shenzhen Factory has been assessed and found to comply with the requirements of the hazard analysis and critical control point (HACCP) system and guidelines for its applications for the manufacturing of colour boxes, gift boxes, cards and manuals
7.	ICTI code of business practices (on probation)	ICTI CARE Foundation	2017	2 October 2018	Our Shenzhen Factory has implemented a code of business practices system, which complies with the requirements of the international council of toy industry code of business practices (2013 version)

With the support of the PRC Legal Advisers, our Directors consider that there is no material legal impediment for our Group to renew our aforesaid major licences.

AWARDS AND ACCREDITATIONS

In recognition of our quality printing services and products, we have received a number of major awards and accreditations during our operating history, a summary of which is set forth in the table below:

Awards and accreditations	Year of grant	Issuing institution/ authority	Description
Pewter Award (Packaging Rigid)	2011	Annual Gold Ink Awards	For International Terminals Supreme Mooncake Gift Set
Pewter Award (Packaging Rigid)	2011	Annual Gold Ink Awards	For Disneyland, Hong Kong — Eggrolls Box
The Premier Print Awards (Award of Recognition)	2011	Printing Industries of America	Cartons and Containers (HK International Terminals Supreme Mooncake Gift Set)
The Premier Print Awards (Certificate of Merit)	2011	Printing Industries of America	Cartons and Containers (Disneyland, Hong Kong — Eggrolls Box)

COMPETITION

According to the Frost & Sullivan Report, the factors of competition in the Hong Kong printing industry include (a) product quality, which determines the reputation and position of a printing company; (b) efficiency and productivity, which implies the capability and potential development of a printing company; and (c) value-added services, which help to gain customer loyalty and potential business opportunities for a printing company. Further, the key entry barriers in the Hong Kong printing industry include (a) initial investment, because given that printing is a capital intensive industry, a large amount of money is required to be invested in the purchase of equipment facilities and raw materials, establishment of factories, employment of labour and company operation; (b) client resources, because the ongoing co-operation relationships between customers and players may not be easily replicated by the newcomers; (c) technology, because the market calls for high production efficiency and capacity and therefore advanced production facilities are needed; and (d) certification obtainment, because there are high requirements and strict standards on the newcomers in terms of, among others, scale and technology. In view of the aforesaid, our Directors consider that our main competitors in the Hong Kong printing industry are those printing companies with established operating history and production capacity and who strive for high quality printing services, and the competition is intense.

In view of the competition in the industry, we believe that we are well equipped to compete with our competitors on our competitive strengths. We consider that our competitive strengths have contributed to our success. According to the Frost & Sullivan Report, the top five players in the package printing market in Hong Kong altogether took up a share of approximately 18.5% from the perspective of revenue in 2016. Further, we strive to achieve sustainable growth in our business by expanding the scope of our printing services and increase the categories of value-added information technology-related services. We also believe that the Listing will be a breakthrough in promoting our Group to the general public, further enhancing our brand and continued future business development. As such, even though competition within the Hong Kong printing industry will continue to intensify in the future, we are confident that we are able to withstand the intense competition with our competitive strengths and business strategies. For further details of our competitive strengths and business strategies, please refer to the paragraphs headed "Competitive Strengths" and "Business Strategies" in this section.

OUR EMPLOYEES

As at the Latest Practicable Date, we had 689 employees in Hong Kong and the PRC. The following table sets out the number of our employees in Hong Kong and the PRC by their functional role:

Functional role	Number of employees in Hong Kong	Number of employees in the PRC
Director and senior management	6	1
Procurement	2	5
Production	4	541
Quality control	—	34
Sales and marketing	6	13
Logistics	—	20
Accounting and administrative	12	45
Total:	30	659

During the peak season namely from June to September for each year, in order to maximise our production capacity, we expand our employees for production, who are principally responsible for certain post-press processes and packaging which have to be done manually and cannot otherwise be achieved by automatic machines.

Our department heads will prepare annual department headcount budgets for their respective department. Our sales and marketing department will also prepare an on-going purchase orders forecasts. All these will be consolidated and submitted to our management for approval. If any of our departments need recruitment, requisition form would be prepared stating the reasons for requisition, key areas of responsibilities, job specifications and any extra requirements. Our deputy general manager responsible for human resources will approve such requisition form and then issues recruitment advertisements.

We recruit our employees based on a number of factors such as their work experience, educational background, qualifications or certifications possessed and vacancies. We may recruit our employees by advertising on websites and at the entrance of our Shenzhen Factory. During the Track Record Period, we engaged human resources agencies for recruitment purpose, the cost of such engagement amounted to approximately HK$10,000, HK$7,000 and HK$10,000, respectively for each of the three years ended 30 June 2017.

Our new employees are generally subject to one to three-month probation. On-the-job training will be provided to our new employees during the probation period by their respective supervisors. At the end of the probation period, we will conduct performance evaluation and the same is to be approved by our management before our new employees are appointed as our permanent employees.

Education and training will also be provided to our existing employees on various aspects including advanced knowledge and skills on machines operation, work safety, fire safety and quality control on a continuing basis. Our Directors consider that our training programme can help to increase our overall efficiency and facilitate us to retain quality employees.

The remuneration package for our employees generally includes salaries, bonuses and over-time payments. Our employees also receive welfare benefits, including retirement benefits, occupational injury insurance and other miscellaneous items. We conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion of our employees. Our executive Directors will also conduct research on the remuneration packages offered for similar positions in the printing industry in Hong Kong and the PRC in order to keep our remuneration packages at a competitive level. We have also adopted the Share Option Scheme which will become effective upon the Listing. The Share Option Scheme is designed to provide incentives and rewards to our employees.

We are required to, and so currently make, for the benefit of our employees in the PRC, social insurance contributions (which include basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance) under the relevant PRC laws and regulations. Further, according to the laws and regulations of the PRC, an enterprise established in the PRC is also required to make contributions to a government-administered housing provident fund for our employees in the PRC. We currently make housing provident fund contributions for our employees in the PRC in compliance with the relevant PRC laws and regulations. As advised by the PRC Legal Advisers, we have complied with all the relevant labour laws and social welfare laws and regulations in the PRC in all material respects.

We have not set up any trade union for our employees. We have not had any strikes or other material labour disputes that have materially disrupted our operations, during the Track Record Period and up to the Latest Practicable Date. Our Directors believe that we have maintained a good working relationship with our employees.

Our direct labour cost, including salaries, bonuses and other employee's benefits, amounted to approximately HK$44.6 million, HK$37.3 million and HK$42.3 million for each of the three years ended 30 June 2017, representing approximately 20.2%, 19.5% and 22.0% of our total cost of sales respectively for the same periods.

According to the Frost & Sullivan Report, with the acceleration of urbanisation and the increase in minimum wage level, the labour cost in the PRC has shown sharp growth in the recent several years. The index of average wages increased from 111.9 in 2012 to 162.8 in 2016. Nevertheless, our Directors consider that since our fluctuations on the direct labour cost during the Track Record Period were not attributable to the labour cost fluctuations in the PRC during the same period, our Group's risk exposure to labour cost fluctuations in the PRC is relatively low.

WORK SAFETY

As at the Latest Practicable Date, we had four licenced safety officers and one staff passed the safety training for responsible person of production unit, to be responsible for the work safety matters in our Shenzhen Factory as required under the relevant PRC laws and regulations. Our licenced safety officers are responsible to carry out safety audit and formulate our work safety guidelines, including the use of the protective clothing, installation of safety devices and working procedures regarding the use of machines and equipment. Our work supervisors are responsible to monitor the adherence of the safety guidelines. Further, in order to make sure our new employees for production are familiar with and comply with our work safety guidelines, our work supervisors will provide them training. In order to enhance the work safety awareness of our current employees for production or update them with new work safety guidelines, on-going training against them will also be carried out.

All incidents of work injury are reported to our administrative department for record and review. Regular meetings between our licenced safety officers and work supervisors are held to evaluate the causes of the incidents of work injury and thereby revising the work safety guidelines if necessary.

We did not record any work injury in Hong Kong during the Track Record Period. For each of the three years ended 30 June 2017, there were 18, 15 and 11 work injuries recorded in our Shenzhen Factory. For the same periods, the total costs for compensation of work injuries were approximately HK$127,000 (insurance coverage of which was approximately HK$7,000), approximately HK$131,000 (insurance coverage of which was approximately HK$7,000) and approximately HK$50,000 (insurance coverage of which was approximately HK$46,000) respectively, which amounted to approximately 0.2%, 0.2% and 0.1% of our administrative expenses respectively for the same periods. Further, as at the Latest Practicable Date, save as disclosed in the paragraph headed "Legal Proceedings and Legal Compliance — Legal compliance" in this section, there is no outstanding or pending claims of material work injury from our employees. As such, our Directors consider that our Group did not have any material work injuries during the Track Record Period.

We recorded one fatal injury of an employee during the Track Record Period which was due to a car accident happened on 27 July 2015 at around 8:15 p.m. when the employee was riding a bicycle. The employee was on the way to work at the time of the accident. It was considered as a work injury incident according to the Regulation on Work-Related Injury Insurances of the PRC and the total compensation for such fatal injury at RMB613,000 was fully covered by the work injury insurance under the PRC laws. As advised by the PRC Legal Advisers, the case has already been settled and our Group has no outstanding liability.

INSURANCE

We maintain an insurance to protect our Shenzhen Factory against a range of contingencies, including, among others, loss and theft of, and damage to, property, plant and equipment, and inventory of raw materials, work-in-progress and finished products, business interruption, public liability and the social insurance required under the PRC laws. We also maintain the employees' compensation insurance required under the Hong Kong laws and an insurance to cover the transportation risk of our products.

As to our fleet of vehicles for delivery of our products, we maintain, for our PRC vehicles, the mandatory car accident liability insurance and an insurance to cover contingencies including, among others, damage, theft and third party liability, while for our Hong Kong vehicles, the third party liability insurance required under the Hong Kong laws.

We also maintain a product liability insurance for our printing products. We believe our practice in this regard is consistent with the industry practices in the PRC. To minimise our product liability risk, we have stringent quality control measures in order to avoid or reduce the incidence of product defects. Details of our quality control measures are set out in paragraphs headed ''Business Model and Our Operation Flow — Quality control'' in this section. During the Track Record Period, we were not involved in material product liability claims.

Our Directors believe that our current insurance policies provide sufficient coverage of the risks to which we may be exposed and is in line with the industry norm. For each of the three years ended 30 June 2017, the total amount of premium paid were approximately HK$0.5 million, HK$0.7 million and HK$0.7 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not made and did not make or had not been subject to any material insurance claims and/or product liability claims.

ENVIRONMENTAL PROTECTION

Our business is governed by the PRC environmental laws and regulations including the Environmental Protection Law of the PRC. These laws and regulations cover a broad range of environmental matters, including air pollution, noise emissions, discharge of sewage and waste residues. We consider the protection of the environment to be important.

The management system of our Shenzhen Factory has been assessed and certified as meeting the requirements of ISO 14001:2015 for the manufacturing of colour boxes, gift boxes, cards and manuals. We believe that our production process does not have a significant adverse effect on the environment and that our environmental protection measures are adequate to ensure compliance with all the applicable current local and national PRC regulations.

During the Track Record Period, we have engaged an Independent Third Party to be responsible for all our waste and sewage collection and treatment in accordance with the PRC laws. Our cost of compliance with the applicable environmental rules and regulations (which comprised of the cost of waste and sewage collection and treatment, discharge of waste residues, inspections and cleanings) were approximately HK$23,000, HK$15,000 and HK$50,000 for each of the three years ended 30 June 2017.

As at the Latest Practicable Date, no administrative sanctions, penalties or punishments have been imposed upon us for the violation of any environmental laws or regulations.

LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

Our Controlling Shareholders have entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and penalties which may arise as a result of any work injuries, outstanding litigations (including criminal litigations), claims, and non-compliances of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the paragraph headed "E. Other information — 2. Tax and other indemnities" in Appendix IV to this prospectus.

Legal proceedings

As at the Latest Practicable Date and save as disclosed in this paragraph, no member of our Group was engaged in any litigation, claim or arbitration of material importance, and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

As at the Latest Practicable Date, we had on-going legal proceedings in the PRC which was commenced by our previous employee against us in September 2016. Such legal proceedings were about claims for, among others, work injury compensation, employee's remuneration and legal costs at the total claim sum of less than RMB70,000.

Legal compliance

Our Directors confirm that save as disclosed below under this paragraph, we have complied with all applicable laws and regulations in all material respects in Hong Kong and the PRC during the Track Record Period and up to the Latest Practicable Date.

Non-compliance with the Social Insurance Law of the PRC

Background	**Legal consequences**	**Follow-up actions**
According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), we are required to make contribution to the social insurance for our employees. During the Track Record Period, Tung Pak did not make adequate contribution to social insurance for our employees due to the inadvertent oversight of our administrative staff.	Under the relevant PRC laws and regulations, the relevant government authority may require Tung Pak to make the outstanding contribution with an additional late payment fee at a daily rate of 0.05% of the outstanding contribution from the due date within a given period and, if Tung Pak fails to do so, may impose a fine on Tung Pak ranging from one to three times of the total outstanding amount. As such, since Tung Pak will immediately settle the outstanding contribution together with such additional late payment fee upon receipt of such notice or order from the relevant government authority, and given the time-bar of two years in relation to such non-compliance under the PRC laws, the maximum liability against Tung Pak in its non-compliance with the Social Insurance Law of the PRC will comprise (i) such additional late payment fee in the maximum amount of approximately RMB2.2 million; and (ii) the unpaid amount of social insurance contribution at RMB3.7 million as at 30 June 2017 under the PRC laws.	We obtained a certificate dated 28 August 2017 issued by the Social Insurance Fund Authority of Shenzhen City (深圳市社會保險基金管理局) confirming that from 1 January 2012 to 31 July 2017, Tung Pak had not been penalised for violating the relevant PRC laws and regulations regarding the social insurance. As advised by our PRC Legal Advisers, the Social Insurance Fund Authority of Shenzhen City has the authority and is competent to issue the aforesaid certificate. We have already made provisions in the amount of RMB6.8 million, RMB6.8 million and RMB3.7 million for the unpaid amount of social insurance fund for each of the three years ended 30 June 2017, respectively. Our Directors believe that such provision is sufficient to cover our liabilities in respect of the unpaid social insurance contribution. Since the PRC Legal Advisers advise that the chance of imposing penalty against Tung Pak by the relevant PRC authority is remote, our Directors consider that it is not necessary for our Group to make any provision for the relevant late payment fee and fine.

Non-compliance with the Regulations on the Administration of Housing Provident Fund

Background	Legal consequences	Follow-up actions
According to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例) and other relevant regulations, we are required to make contribution to the housing provident fund for our employees. During the Track Record Period, Tung Pak did not make adequate contribution to the housing provident fund for our employees due to the inadvertent oversight of our administrative staff.	According to the relevant PRC laws and regulations, the relevant governmental authorities may require us to make the unsubscribed contribution within a given period, and, if we fail to do so within the given period, an application may be made to the people's court for compulsory enforcement. Since no penalty or fine was involved in Tung Pak's non-compliance with the Regulations on the Administration of Housing Provident Fund, the maximum liability against Tung Pak will be the unpaid amount of housing provident fund at RMB1.2 million as at 30 June 2017 under the PRC laws.	We obtained a certificate of contribution of housing provident fund (單位住房公積金繳存證明) dated 3 August 2017 issued by the Housing Provident Fund Management Centre of Shenzhen City (深圳市住房公積金管理中心) confirming that Tung Pak had not been penalised by such centre from July 2011 to July 2017. As advised by our PRC Legal Advisers, the Housing Provident Fund Management Centre of Shenzhen City has the authority and is competent to issue the aforesaid certificate. We have already made provisions in the amount of RMB2.0 million, RMB2.0 million and RMB1.2 million for the unpaid amount of housing provident fund for each of the three years ended 30 June 2017, respectively. Our Directors believe that such provision is sufficient to cover our liabilities in respect of the unpaid housing provident fund contribution.

Non-compliance with the Special Equipment Safety Law of the PRC

Background	Legal consequences	Follow-up actions
According to the Special Equipment Safety Law of the PRC《中華人民共和國特種設備安全法》, we are required to conduct regular maintenance and self-check of our special equipment and keep the maintenance record. During the Track Record Period, Tung Pak did not conduct regular maintenance and self-check on the industrial lift and/or keep such maintenance record due to inadvertent oversight of our staff responsible for equipment.	According to the relevant PRC laws and regulations, the relevant government authorities may order Tung Pak to take corrective action within a stipulated time. If Tung Pak fails to comply, it may be ordered to cease its use of the relevant special equipment and may be subject to a fine ranging from RMB10,000 to RMB100,000.	Please refer to the paragraph headed "Internal Control Measures — Internal control measures to prevent the recurrence of non-compliance incidents — Special Equipment Safety Law of the PRC related compliance requirements" in this section.

Non-compliance with the Regulations of Management of Licenced Safety Officers in Guangdong Province

Background	Legal consequences	Follow-up actions
According to the Regulations of Management of Licenced Safety Officers in Guangdong Province (廣東省註冊安全主任管理規定) and the telephone consultation by the PRC Legal Advisers with the Management Authority of Safety Supervision of Longgang District in Shenzhen City (深圳市龍崗區安全監督管理局), production business units with employees more than 500 but less than 1,000 shall engage at least two licenced safety officers (註冊安全主任) or such number of licenced safety officers according to the proportion of not less than 0.4% to the total number of the employees thereof. Production business units with employees more than 1,000 shall engage extra licenced safety officers according to the proportion of not less than 0.2% to the extra number of employees. As at the Latest Practicable Date, we had four licenced safety officers. Nevertheless, during the peak seasons, our total number of employees in the PRC can be more than 1,000. As such, we shall have at least one additional licenced safety officers or safety management personnel in order to fulfill the relevant PRC laws and regulations.	According to Regulations on Safe Production of Guangdong Province (廣東省安全生產條例), if a production business unit fails to engage sufficient number of safety management personnel, it will be ordered to rectify within a prescribed time limit, failing which it will be ordered to suspend production and operation, and penalised.	Please refer to the paragraph headed "Internal Control Measures — Internal control measures to prevent the recurrence of non-compliance incidents — Regulations of Management of Licenced Safety Officers in Guangdong Province related compliance requirements" in this section.

Save as the non-compliances as disclosed above, there were certain non-compliances of our Group with the Predecessor Companies Ordinance and the Companies Ordinance in respect of matters including among others, late filing of statutory forms to the Companies Registry and failing to lay the audited financial statements before its general meetings, the Mandatory Provident Fund Schemes (General) Regulation (Chapter 458A of the Laws of Hong Kong) in respect of failing to provide monthly pay-record to each employee within seven days. With the support of the Legal Counsel, we consider those non-compliance incidents not disclosed in detail in this prospectus are immaterial in nature. Taking into account the above and the fact that any loss, fee, expense and penalty of our Group in relation to non-compliance matters will be fully indemnified by our Controlling Shareholders, our Directors consider, and the Sponsor concurs, that the impact of them would be immaterial upon our Group's operation and financial positions.

Compliance with the Competition Ordinance

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) ("**Competition Ordinance**"), entered into force on 14 December 2015, prohibits conduct that prevents, restricts or distorts competition in Hong Kong. For details, please refer to the section headed "Regulatory Overview — Competition" in this prospectus.

Our Directors are aware of the prohibition under the Competition Ordinance and are of the view that our business operations are not in breach of any of the applicable prohibitions set forth in the Competition Ordinance. We are not aware of any enquiry, investigation, or notification relating to us under the Competition Ordinance.

In particular, as one of the top ranking package printing market players in terms of share of total industry revenue in Hong Kong, our management shall not conduct our business in any way that will constitute an abuse of our market power, if any, by engaging in conduct that has as its object or effect the prevention, restriction, or distortion of competition in Hong Kong.

In respect of the compliance with the Second Conduct Rule, the following factors are taken into consideration based on the Guideline on the Second Conduct Rule ("**Second Guideline**") published by the Competition Commission.

Lack of substantial degree of market power

(i) Market share and market concentration: We do not consider that we possess substantial market power, which means the ability profitably to charge prices above competitive levels, or to restrict output or quality below competitive levels, for a sustained period of time according to the Second Guideline. Despite our extensive industry experience and ranking as fifth in terms of share of total industry revenue in 2016 in Hong Kong, our market share was only approximately 2.6% in 2016, as the package printing market in Hong Kong is highly competitive with the top five players accounting for only approximately 18.5% of the total revenue of the industry in 2016, according to the Frost & Sullivan Report. Please see the section headed "Industry Overview — Overview of Global Package Printing Market — Competitive landscape of package printing market in Hong Kong" in this prospectus.

(ii) Countervailing buyer power: According to the Second Guideline, the strength of buyers and the structure of the buyers' side of the market may prevent a supplier from having a substantial degree of market power; buyer power is not so much a matter of the size of the buyer but more a matter of bargaining strength and whether buyers have a choice between alternative suppliers. The concentration ratio of the package printing market in Hong Kong is not high and customers generally have wide discretion to choose between alternative package printing suppliers.

No abuse of substantial market power

(iii) No anti-competitive conduct: Our Directors confirmed that we have not engaged and is not engaging in predatory pricing, anti-competitive tying and bundling, margin squeeze or refusal to deal, which are examples of conduct that may constitute an abuse of substantial market power that has as its object or effect the prevention, restriction or distortion of competition according to the Second Guideline.

(iv) Exclusive dealing not abusive: We have not entered into any exclusive cooperation agreements with our customers.

In light of the prohibitions under the Competition Ordinance, we will from time to time seek compliance advices on our business operations.

As confirmed by our Directors, as at the Latest Practicable Date, save as disclosed above, our Group did not receive any notices for any fines or penalties for any non-compliance that is material and systemic in nature.

INTERNAL CONTROL MEASURES

We have implemented the following internal control measures to prevent the recurrence of non-compliance incidents.

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

In order to continuously improve our Group's corporate governance and to prevent recurrence of the abovementioned non-compliance in the future, our Group has, after taking into account the recommendations made by Baker Tilly Hong Kong Risk Assurance Limited ("**Baker Tilly**"), an independent internal control adviser engaged by us as disclosed in the paragraph headed "Review by Baker Tilly" below, adopted or will adopt the following measures:

Social Insurance Law of the PRC and Regulations on the Administration of Housing Provident Fund related compliance requirements

As at the Latest Practicable Date, we have clearly set out in a manual all internal procedures for timely payment of adequate contributions to social insurance and housing provident fund in accordance with the relevant PRC rules and regulations. In particular, our administrative staff will (i) ensure that correctness of the amounts of contributions to social insurance and housing provident fund for each employee before the payment due date; (ii) on or before the due date, notify our accounting department to arrange for payment; and (iii) create and update a register of payment record of contributions to social insurance and housing provident fund.

Our Company has also assigned our accounting manager to carry out procedures of review and double-check on a monthly basis to ensure that the register of payment record is updated properly and that all payments of contributions to social insurance and housing provident fund for each employee are made on a timely basis.

Regulations of Management of Licenced Safety Officers in Guangdong Province compliance related requirements

Our Company has assigned our accounting manager to keep track on the total number of employees for each month to make sure we have adequate number of licenced safety officers pursuant to the relevant PRC rules and regulations.

Special Equipment Safety Law of the PRC related compliance requirements

As at the Latest Practicable Date, we have clearly set out in a manual all internal procedures for timely regular maintenance and duly record of all our special equipment including the industrial lift in our Shenzhen Factory in accordance with the relevant PRC rules and regulations. In particular, our staff responsible for equipment will (i) maintain a maintenance record for each of our special equipment including the industrial lift in our Shenzhen Factory; (ii) check the special equipment including the industrial lift in our Shenzhen Factory and record such checking result on the maintenance record on a daily basis; and (iii) if necessary, engage external licenced maintenance service providers to carry out repair and maintenance.

Our Company has also assigned our deputy general manager responsible for human resources to carry out regular review of our maintenance record to ensure due compliance in accordance with the relevant PRC rules and regulations in relation to special equipment maintenance.

Companies Ordinance and Predecessor Companies Ordinance related compliance requirements

Our company secretary, Ms. Ng Yin Ting Joyce, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants (for more of her information, please refer to the paragraph headed "Directors, Senior Management and Staff — Company Secretary"), will be responsible for keeping the filing register up to date from time to time and as required by the relevant Hong Kong laws and regulations and we will seek legal advice from external legal advisers to ensure on-going compliance.

We have also assigned the financial controller to carry out procedures of review and double-check on a monthly basis to ensure that the filing register is updated properly and that all notices and returns are properly filed with the Companies Registry in a timely manner, and all shareholders' meetings are properly held with the required documents laid before the meetings.

Mandatory Provident Fund Schemes (General) Regulation related compliance requirements

As at the Latest Practicable Date, we have prepared and issued pay-records for each month to our employees in accordance with the Mandatory Provident Fund Schemes (General) Regulation. We have also assigned the financial controller to carry out regular review and spot-check to ensure that the pay-records are prepared properly and issued to our employees in a timely manner.

Post-listing compliance requirements

— on 18 January 2017, our Directors attended a training session conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange;

— we will engage Kingsway Capital Limited as our compliance adviser upon the Listing to advise us on compliance matters under the Listing Rules;

— we will engage Baker Tilly to conduct an internal control review for our Group after the Listing to assess our internal control system, including areas of financial, operational and compliance; and

— we established an audit committee which comprises all independent non-executive Directors, namely Mr. Ng Sze Yuen Terry, Dr. Chu Po Kuen Louis and Mr. Ho Yuk Chi. The primary duties of the audit committee include, among other things, making recommendations to our Board on the appointment, re-appointment and removal of the external auditor, reviewing our Group's financial information, overseeing our Group's financial reporting system, risk management and internal control systems.

Review by Baker Tilly

In preparation for the Listing, we engaged Baker Tilly to perform an internal control review on our Group's internal control system including the areas of financial, operation, compliance and risk management. The review was carried out from 21 November 2016 to 2 December 2016 and the testing period was from 1 November 2015 to 31 October 2016. Following such review and evaluation performed by Baker Tilly, our Group has implemented most of the recommendations given by Baker Tilly on our internal control system.

Baker Tilly performed a follow up review in this connection from 9 January 2017 to 20 January 2017 and the testing period was from 3 December 2016 to 16 January 2017. The result of the follow up review did not note any statement of findings of material weakness or material insufficiency in our Group's internal control system.

Save as the non-compliance incidents mentioned above and the title defect of our Shenzhen Factory (for details, please refer to the paragraph headed "Our Properties — Title defect of our Shenzhen Factory"), there is no internal control deficiency with a risk level of on or above medium as identified by Baker Tilly.

View of our Directors and the Sponsor

Our Directors consider that the abovementioned non-compliance incidents would not affect the suitability of our executive Directors under Rules 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules having taken into account that (i) our Group has fully rectified all of the non-compliance incidents, where appropriate; (ii) our Group has implemented (or will implement where applicable) the measures described above to avoid recurrence of the non-compliance incidents; (iii) there were no recurrence of similar non-compliance incidents since the implementation of such measures; (iv) the non-compliance incidents did not involve any dishonesty or fraudulent act on the part of our executive Directors; and (v) the executive Directors' commitment to implement changes demonstrates that their integrity is not at risk. In view of the above, our Directors believe, and the Sponsor concurs that, the internal control measures are sufficient and could effectively ensure a proper internal control system of our Group and prevent the recurrence of non-compliance incident.

OUR PROPERTIES

We do not own any real property as at the Latest Practicable Date. The following table sets forth the particulars of the properties leased by us as at the Latest Practicable Date:

No.	Address	Usage	Area	Term	Rental type
1.	Long Gang Zone, Shenzhen, the PRC	Production plant, warehouse, office and staff dormitory	Gross floor area of production factory approximately 26,000 sq. m. and staff dormitory approximately 7,000 sq. m., open area of approximately 9,000 sq. m. and utilities of approximately 1,000 sq. m.	From 1 April 2016 to 31 March 2019	Basic rent
2.	Chai Wan, Hong Kong	Office	Saleable area of 2,627 sq. ft.	From 1 January 2017 to 31 December 2019	Basic rent
3.	Tai Tam, Hong Kong	Directors' quarter	Saleable area of 2,113 sq. ft.	From 1 July 2017 to 30 June 2018	Basic rent
4.	Repulse Bay Road, Hong Kong	Directors' quarter	Saleable area of 1,917 sq. ft.	From 1 July 2017 to 30 June 2018	Basic rent

For each of the three years ended 30 June 2017, our rental expenses (including management fee, government rent and rates but excluding water, gas and electricity charges) were approximately HK$9.6 million, HK$8.8 million and HK$9.2 million, respectively.

Safety conditions of the buildings in the Shenzhen Factory

In relation to safety conditions of the buildings in the Shenzhen Factory, the production factory of approximately 26,000 sq. m. passed the inspection by the National Construction Quality Supervision and Inspection Centre (國家建築工程質量監督檢驗中心) in 2007 and passed the fire services inspection in 2007, while the staff dormitory of approximately 7,000 sq. m. passed the fire services inspection in 2005.

In view of the aforesaid, as advised by the PRC Legal Advisers, the material and relevant certificates and inspections in relation to the safety conditions of buildings in the Shenzhen Factory have been obtained and passed.

Title defect of our Shenzhen Factory

As at the Latest Practicable Date, the landlord of our Shenzhen Factory has only obtained the Property Ownership Certificate for the staff dormitory of gross floor area of approximately 7,000 sq. m. but does not possess any valid Property Ownership Certificate or approval to build and lease, for the production factory of gross floor area of approximately 26,000 sq. m., utilities of gross floor area of approximately 1,000 sq. m. and open area of approximately 9,000 sq.m. in our Shenzhen Factory. As advised by the PRC Legal Advisers, according to the Management Measures of Business Properties Leasing 《商品房屋租賃管理辦法》, the landlord shall not lease any illegal building structure. According to the Regulations on the Lease of the Properties in Towns and Cities in the Guangdong Province 《廣東省城鎮房屋租賃條例》, the landlord shall not lease any building without the relevant Property Ownership Certificate or management right, and any illegal building structure. According to the Interpretation by the Supreme People's Court about the Specific Application of Law on Certain Issues in the Hearing of Contractual Dispute Cases on the Leasing of the Properties in Towns and Cities 《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》, if a landlord enters into a lease with a tenant for a property which has not been issued with the construction planning permit (建設工程規劃許可證) or was not built in accordance with the provisions of the construction planning permit (建設工程規劃許可證), such lease shall be invalid. As such, the lease for the production factory, utilities and open area in our Shenzhen Factory with the landlord is invalid.

For the avoidance of doubt, as advised by the PRC Legal Advisers, since the staff dormitory has obtained the Property Ownership Certificate, the lease for the staff dormitory in our Shenzhen Factory with the landlord is valid and enforceable.

Further, as advised by the PRC Legal Advisers, according to the Laws on Rural and Urban Planning of the People's Republic of China 《中華人民共和國城鄉規劃法》, since the landlord of our Shenzhen Factory has not been issued with the construction planning permit (建設工程規劃許可證) for the production factory and utilities in our Shenzhen Factory, the landlord may be ordered by the relevant PRC authorities to dismantle the production factory and utilities in our Shenzhen Factory within a prescribed time limit. In such circumstances, the lease agreement of our Shenzhen Factory will be terminated by the landlord and our Group will need to relocate our production facilities in our Shenzhen Factory.

As advised by the PRC Legal Advisers, since, among others:

— the landlord of our Shenzhen Factory reported the title defect of our Shenzhen Factory with the Leading Group Office for Administration on Historic Illegal Buildings of Long Gang Zone of Shenzhen City (深圳市龍崗區處理歷史遺留違法建築領導小組辦公室) in 2003;

— according to the Decision of the Standing Committee of Shenzhen Municipal People's Congress on the Treatment of Illegal Buildings in the History of Rural Urbanisation (深圳市人民代表大會常務委員會關於農村城市化歷史遺留違法建築的處理決定), the relevant PRC authority will base on various factors (such as the extent of breach and land use planning) to deal with the reported illegal buildings by stages, by, among others (i) confirmation of its property right; (ii) building dismantlement; (iii) building expropriation; or (iv) allowing provisional use;

— the factors that the relevant PRC authority will consider to carry out either building dismantlement or building expropriation include, but not limited to (i) involving serious safety issues; (ii) substantially obstruct town planning; (iii) occupying agricultural land; (iv) occupying first class water sources reserve area; and (v) occupying public utilities, all of which our Directors confirm that our Shenzhen Factory has not involved; and

— as confirmed by our Directors, from the date we leased our Shenzhen Factory on 1 July 2000 and up to the Latest Practicable Date, we and the landlord of our Shenzhen Factory, had not received, and the relevant government authorities had not issued, any notice, letter or order, about the title defect of our Shenzhen Factory,

the possibility to relocate our production facilities in our Shenzhen Factory is remote.

In relation to remedial actions taken or to be taken in relation to the title defects, as advised by the PRC Legal Advisers, the production factory of approximately 26,000 sq. m. in the Shenzhen Factory had been qualified as historical illegal construction (歷史遺留違法建築), the landlord of the Shenzhen Factory (and so as our Group) is unable to take any further steps to apply for the Property Ownership Certificate for the production factory unless being informed by the relevant authority. As at the Latest Practicable Date, our Group, and to the best knowledge of our Directors, the landlord of the Shenzhen Factory, did not receive any notice from the relevant authority. Further, being only a tenant, it is beyond our Group's control to take any remedial actions to rectify the title defects in respect of the Shenzhen Factory.

In spite of the title defects, the landlord of the Shenzhen Factory has confirmed that the title defects had not been taken into consideration when determining the rent amount. Therefore there would not have been any significant change in rent amount if the Shenzhen Factory had not have any title defects.

Further, according to the Regulations on the Lease of the Properties in Towns and Cities in the Guangdong Province 《廣東省城鎮房屋租賃條例》 and as advised by the PRC Legal Advisers, since Tung Pak is the tenant of our Shenzhen Factory, Tung Pak will not be treated as committed any non-compliance under the PRC laws and so will not be penalised by the relevant PRC authorities regarding the title defect of the production factory, utilities and open area in our Shenzhen Factory.

As advised by the PRC Legal Advisers, since the landlord has not disclosed the title defect of the production factory, utilities and open area in our Shenzhen Factory in the lease agreement of our Shenzhen Factory, according to the Contract Law 《合同法》 in the PRC, the landlord shall compensate us all the loss and damage incurred as a result of any title defect of the production factory, utilities and open area in our Shenzhen Factory.

On the aforesaid basis, we intend to continue to lease our Shenzhen Factory in accordance with the terms of the lease agreement which will expire on 31 March 2019.

Backup plan — To early commence the relocation of our Shenzhen Factory

Please refer to the paragraph headed "Business Strategies — Future plans — To relocate our Shenzhen Factory" in this prospectus. In particular to mitigate the associated risks of the title defect of our Shenzhen Factory, we target to take possession of and commence the refurbishment of the New

Plant in around August 2018 and commence the actual physical relocation of our production facilities in our Shenzhen Factory to the New Plant in around October 2018. We will gradually carry out the relocation in parallel with the refurbishment progress to minimise any adverse effect to our production operations. We target to finish the relocation and fully resume our production operations by February 2019. The total expenditure to relocate our Shenzhen Factory to the New Plant is estimated to be approximately HK$30 million.

With the MOU, we are able to commence the relocation of our Shenzhen Factory to the New Plant earlier than scheduled in around August 2018. Therefore, in the event that we are being forced to relocate from our Shenzhen Factory because of the title defect of our Shenzhen Factory, we can exercise our right under the MOU earlier than scheduled so that we can commence the relocation of our Shenzhen Factory to the New Plant earlier than scheduled in around August 2018.

Currently, the Five-storey Building in the New Plant has obtained the Property Ownership Certificate and therefore, as advised by the PRC Legal Advisers, the formal lease agreement to be entered into pursuant to the MOU will be legally binding against the New Landlord regarding the Five-storey Building only. Therefore, if we choose to exercise the MOU as at the Latest Practicable Date, since three out of five floors of the Five-storey Building are occupied, we are entitled to lease, and the New Landlord is obliged to lease to us, the remaining two floors of the Five-storey Building with total gross floor area of approximately 10,000 sq. m..

The building of the production factory of approximately 26,000 sq. m. in our Shenzhen Factory is not entirely used for production. Approximately 10,000 sq. m. is used as office area, storage and other non-production uses. If our Group were to lease the remaining two floors of the Five-storey Building with total gross floor area of approximately 10,000 sq. m, the entire area available will be used for production only. As confirmed by our Directors, our major production machines and equipment in our Shenzhen Factory are relatively ''sparsely placed'' with significant buffer area between them. Therefore, our Directors consider that the aforesaid two floors have sufficient space to house all our major production machines and equipment. Though the machines and equipment may need to be ''packed up closer'', our Directors consider that the operation and flow of the production process will not be undermined. We will also rent other premises for office, storage and staff dormitory in surrounding area of the New Plant, which our Directors consider that all of them are readily available, and will provide housing allowance to our staff (if staff dormitory is not provided to them). The expected additional expenditure to rent other premises for office, storage and staff dormitory is approximately RMB0.3 million per month. As to be elaborated in details below, we have at least six months to relocate our Shenzhen Factory starting from the day the landlord receives the administrative penalty notice.

According to the Regulations of the Shenzhen Special Economic Zone on Supervision over Land Planning 《深圳經濟特區規劃土地監察條例》, the PRC Administrative Proceedings Law《中華人民共和國行政訴訟法》and the PRC Administrative Review Law 《中華人民共和國行政覆議法》, and as advised by the PRC Legal Advisers, if the relevant PRC authorities intend to mandatorily dismantle the production factory and utilities in our Shenzhen Factory because of the title defect, they shall firstly issue a written administrative penalty notice to the landlord to urge it to dismantle the production factory and utilities within a period of time. In the case that the landlord fails to perform as instructed by the administrative penalty notice, and neither applies to an administrative review within 60 days, nor commences a legal action against the relevant PRC authorities within six months, after it receives the administrative penalty notice, the relevant PRC authorities may mandatorily dismantle by itself or apply to the court to mandatorily dismantle the production factory and utilities with title defect as the case may be. The landlord of our Shenzhen Factory has also promised to us in writing that it would endeavour to let us have sufficient relocation time and would not dismantle the production factory and utilities with title defect within the aforesaid period of six months after it receives the administrative penalty notice. As advised by the PRC Legal Advisers, since:

— pursuant to the Regulations of the Shenzhen Special Economic Zone on Supervision over Land Planning (深圳經濟特區規劃土地監察條例) and the PRC Administrative Proceedings Law (中華人民共和國行政訴訟法), the landlord has the legal right to commence a legal action against the relevant PRC authorities within six months after it receives the administrative penalty notice;

— within such six months during which the landlord can consider whether it should commence a legal action or comply with the administrative penalty notice, the relevant PRC authorities cannot mandatorily dismantle the production factory and utilities; and

— the relevant PRC authorities cannot mandatorily dismantle the production factory and utilities within the six months after the issue of the administrative penalty notice under the PRC laws.

Therefore, we have at least six months to relocate our Shenzhen Factory starting from the day the landlord receives the administrative penalty notice. As such, our Directors believe that we have adequate time to complete the actual physical relocation within the prescribed time limit, the expiry of which may result in the mandatory demolishment by the relevant PRC authority.

Indemnity

Each of the Controlling Shareholders has jointly and severally undertaken to indemnify and keep each of our Group members fully indemnified against all claims, losses (including operating losses and any loss of revenue), liabilities, damages, costs, charges, fees, expenses (including relocation cost), fines suffered or incurred by any of our Group members as a result of or in connection with, amongst others, any dispute as to the rights to lease and use of our Shenzhen Factory by us as tenant, because the landlord of our Shenzhen Factory does not possess any valid Property Ownership Certificate or approval to build and lease, for the production factory, utilities and open area in our Shenzhen Factory.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered four trademarks in Hong Kong relating to the Group's business. We have submitted application for registration of three trademarks in Hong Kong and 16 trademarks in the PRC. We have registered two domain names, which are used or intended to be used by our Group.

As at the Latest Practicable Date, we have not received any material claim against us for infringement of any trademark/patent nor were we aware of any pending or threatened claims in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us or third parties.

Please refer to the paragraph headed "B. Further Information about our Business — 2. Material intellectual property rights" in Appendix IV to this prospectus for further details of the registration of our trademarks/patents and domain names.

CONTROLLING SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme), our Company will be owned by Goody Luck as to 54.8%, and Goody Capital as to 20.2%. Goody Luck is owned by Mr. Peter Chan as to 98.6% and Mr. Kenneth Chan as to 1.4%, and Goody Capital is owned by Mr. Kenneth Chan as to 33.3%, Mr. Desmond Chan as to 33.3% and Mr. Chan Chi Ming as to 33.3%. Our Directors consider that the following four persons, by virtue of their relationships and/or shareholdings in Goody Luck and Goody Capital, will be entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of our Company immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any of the Shares that may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). Therefore, Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan, Mr. Chan Chi Ming, Goody Luck and Goody Capital will be our Controlling Shareholders upon Listing as defined under the Listing Rules.

ACTING IN CONCERT CONFIRMATION AND UNDERTAKING

On 9 February 2017, the Concerted Parties entered into the Acting In Concert Confirmation And Undertaking, with respect to the businesses of each member of the Group, (i) each of Mr. Peter Chan and Mr. Desmond Chan confirms that since 31 December 1990; (ii) each of Mr. Peter Chan, Mr. Desmond Chan and Mr. Chan Chi Ming confirms that since the 5 February 1991; and (iii) each of Mr. Peter Chan, Mr. Desmond Chan, Mr. Chan Chi Ming and Mr. Kenneth Chan confirms that since the 8 March 2010: (i) they have agreed and will continue until the termination of the Acting In Concert Confirmation And Undertaking, to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of each member of the Group, and have historically voted on each resolutions in the same way; (ii) they have centralised and will continue until the termination of the Acting In Concert Confirmation and Undertaking to centralise, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of members of the Group; and (iii) they have operated, and will continue until the termination of the Acting in Concert Confirmation and Undertaking to operate, members of the Group as a single business venture on a collective basis and have made collective decisions in respect of the financial and operating policies of the members of the Group; (iv) until the termination of the Acting in Concert Confirmation And Undertaking, they will not transfer, sell or dispose of their respective shareholder in each member of the Group (where applicable).

OTHER BUSINESS OWNED BY OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, none of our Controlling Shareholders has any interest in a business apart from our Group's business which competes or is likely to compete, either directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

IOT SOLUTIONS COMPANY LIMITED AND IOT DATA COMPANY LIMITED

These companies are wholly owned by Mr. Kenneth Chan, our executive Director, chief executive officer, and one of our Controlling Shareholders. Whilst the businesses of these companies are at an initial stage, IOT Solutions Company Limited aims to develop new electronic devices or equipment that helps streamline production by understanding productivity in real time. It is a company that aims to help manufacturing companies to save costs while efficiently maintain high quality during production, and IOT Data Company Limited aims to design software with various industry-specific features and supports individualised software development and its target customers are in the industrial market. Currently both businesses are still at an inception stage and are still in the process of identifying business opportunities.

Our Directors are of the view that there shall be clear delineation between the business of the Group including China IOE, and the business of each of IOT Solutions Company Limited and IOT Data Company Limited, and the competition will be remote as further elaborated as follows:

(a) Different industries and business models, in which we focus mainly on provision of printing and ancillary services, which is mainly based on a product-based business model while that of IOT Solutions Company Limited and IOT Data Company Limited focus mainly on project-based and consultancy-based business model. IOT Solutions Company Limited aims to develop new electronic devices or equipment with tailor-made software program which help streamline production by understanding productivity in real time through monitoring the production processes and alerting the management whenever irregularities noted. It will engage in the manufacture and sale of such electronic devices and provision of consultancy services on the program to be installed; IOT Data Company Limited aims to design software with various specific features and support individualised software development which assist the customers in designing and managing the platform of the smartphone applications. It will provide consultancy services on project basis;

(b) Operates under a different brand name from that of our Group;

(c) Our target customers are suppliers of goods who sell their products directly or indirectly, through retailers or wholesalers, to end consumers and general public, of which, China IOE utilises internet technology in the provision of printing services and intends to capture demand for high-tech printing covering variable data printing such as barcodes, QR codes, personalization printing and printing products with bluetooth or RFID labels or NFC tags, whilst IOT Solutions Company Limited and IOT Data Company Limited provide consultancy services and solutions advice to target customers such as manufacturers in the industrial market who intend to improve efficiency in their production line through software and computer programs. The target customers of IOT Solutions Company Limited are manufacturers who want to improve the efficiency of the production line, while the target customers of IOT Data Company Limited are brand owners who would like to explore the marketing channel through smartphone applications;

(d) Our major suppliers and that of IOT Solutions Company Limited and IOT Data Company Limited are different. The major suppliers of our Group are mainly raw materials suppliers such as paper suppliers, and China IOE would procure programs and technology, such as RFID labels, NFC tags and audioposter technology, specific for the provision of the high-tech printing services to our customers. The major suppliers of IOT Solutions Company Limited provide electronic materials to manufacture the electronic devices and software engineers to develop the program, while the major suppliers of IOT Data Company Limited are software engineers and software developers who provide the relevant consultancy services; and

(e) We focus on providing printing services to our customers, and our post-press treatments offered to our customers during the Track Record Period included variable data printing for unique codes such as bar codes and inclusion of embedded codes technology for talking pen on printing products. China IOE focuses on the utilisation of technology in the provision of high-tech printing services, and our Group will be able to utilise the technology so developed in our daily operation, which cater for our customers' diversified needs on design complexity, size, quality and quantity of printing products and in turn increases customers' satisfaction. In addition, as set out in the section "Business — Business Strategies — Business Objective — To increase the categories of value-added information technology-related services", we intend to increase the categories of our value-added information technology-related services which are ancillary to our printing services to be offered to our customers to include RFID labels, NFC tags and/or audioposter technology, on the printing products. IOT Solutions Company Limited and IOT Data Company Limited are providers of consultancy services which focus on the implementation and development of customised software products with professional software deployment, which is totally distinct from the printing services provided by our Group, including China IOE.

Since both IOT Solutions Company Limited and IOT Data Company Limited were incorporated only in October 2016, both companies are at their initial stage and have remained inactive. As of the Latest Practicable Date, neither company has engaged in any business transactions, nor engaged any employees or carried out any marketing activities. In light of the basis of delineation as disclosed Our Directors are of the view that even IOT Solutions Company Limited and IOT Data Company Limited become active and commence full operation in future, they do not compete with the Group's business directly or indirectly.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing other than the transactions as disclosed in the section headed "Continuing Connected Transactions" in this prospectus. Having considered the following factors, our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates after the Listing.

Financial independence

Our Directors are of the view that we do not unduly rely on advances from our Controlling Shareholders and their related parties for our business operations. We have independent financial and accounting systems, independent treasury function for receiving cash and making payments and independent access to third party financing. We make financial decisions according to our own business needs. As such, our Directors consider that our Group can operate independently from our Controlling Shareholders from the financial perspective.

Operational independence

Our Group has established our own set of organisational structure made up of individual departments, each with specific areas of responsibilities. We have independent access to our suppliers, contractors and customers. We have also established a set of internal control procedures to facilitate the effective operation of our business. Our production facilities located in the PRC as well as our office in Hong Kong are leased by our Group and operate independently and do not rely on our Controlling Shareholders.

Management independence

Our Board

Our Board comprises seven Directors, including four executive Directors, namely Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan and Mr. Chan Chi Ming, and three independent non-executive directors, namely Mr. Ng Sze Yuen Terry, Dr. Chu Po Kuen Louis and Mr. Ho Yuk Chi. Mr. Peter Chan is the Chairman of our Board and is one of our Controlling Shareholders, and each of the other three executive Directors, namely Mr. Kenneth Chan, Mr. Desmond Chan and Mr. Chan Chi Ming are also our Controlling Shareholders. Save as disclosed above, no other Controlling Shareholder or their representative hold any directorship in our Company.

To ensure that our Group can operate independently from our Controlling Shareholders, certain corporate governance measures have been adopted. All of our independent non-executive Directors are experienced and capable of monitoring the operations of our Group independently from our Controlling Shareholders. Therefore, our Directors are of the view that the interests of the Shareholders can be safeguarded. For details of our Directors, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his/her personal interest. In the event there are conflicts of interests for approving a proposed transaction due to the dual positions of our Director acting as director of our Company and another company, pursuant to the relevant provisions of the Articles, the interested Director(s) shall abstain from voting (nor be counted in the quorum) in the resolution(s) of our Board approving such transaction.

According to the service agreements entered into between our Company and our executive Directors, each of our executive Directors has undertaken to our Group, among other things, that he will not, without any prior written approval from our Board, (i) accept any position of a company whose business may directly or indirectly compete with our Group's business or be engaged in any business which may directly or indirectly compete with our Group's business; or (ii) solicit any employee of our Group or induce them to leave our Group or solicit any customers of our Group, during the term of service with our Group and within the 12 months after expiry or termination of his service agreement.

Committees

Our Board has established (i) the Audit Committee; (ii) the Remuneration Committee; and (iii) the Nomination Committee. Each such committee consists of a majority of independent non-executive Directors to monitor our operations.

The Audit Committee is responsible for reviewing and supervising our Group's financial reporting process and internal control system whereas the Remuneration Committee's role is to ensure that our Directors are properly remunerated without being influenced by our Controlling Shareholders.

The Nomination Committee ensures that only persons with capability and relevant experience are appointed as Directors to avoid the appointment of individuals who may affect the independence of our Board.

Senior Management

Our Group is also managed by the senior management who can work and carry on our business independently from our Controlling Shareholders. For details of our senior management, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing its business independently from our Controlling Shareholders.

UNDERTAKINGS IN RESPECT OF SHARES

Each of our Company and our Controlling Shareholders has given certain undertakings in respect of the Shares to our Company, the Sponsor, the Joint Lead Managers, the Underwriter(s) and the Stock Exchange, details of which are set out in the section headed "Underwriting" in this prospectus.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has confirmed that none of them or their respective close associates is engaged in, or interested in any businesses (other than those of our Group) which, directly or indirectly, compete or may compete with our businesses. To protect our Group from any potential competition, our Controlling Shareholders (collectively, the "**Covenantors**") have given the Deed of Non-competition in favour of our Company pursuant to which the Covenantors have, among other matters, irrevocably undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of the Covenantors shall, and shall procure that their respective close associates and/or companies controlled by them (other than our Group) shall:

(a) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the businesses currently and from time to time engaged by our Group (including the business as a printing service provider) (the "**Restricted Activity**");

(b) if there is any project or new business opportunity that relates to the Restricted Activity (each, "**New Business Opportunity**"), refer such New Business Opportunity to our Group for consideration;

(c) not invest or participate in any Restricted Activity; and

(d) procure its/his close associates (excluding our Group) not to invest or participate in any project or business opportunity of the Restricted Activity.

The above undertakings are subject to the exception that any of the close associates of the Covenantors (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided always that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our independent non-executive Directors) without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of the independent non-executive Directors), confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Activity and provided also that the principal terms on which that relevant close associate of the Covenantor(s) invests, participates or engages in the Restricted Activity are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant close associate of the Covenantor(s) decides to be involved, engaged, or participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

The Deed of Non-competition will become effective conditional on (i) the Stock Exchange granting listing of, and permission to deal in, all our Shares in issue and to be issued under the Share Offer; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not being terminated in accordance with their respective terms or otherwise.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(a) the date on which the Covenantors and their close associates (whether individually or taken as a whole) cease to hold 30% or more of the then issued share capital of our Company (whether directly or indirectly) or cease to be our Controlling Shareholders; and

(b) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following corporate governance measures to manage the potential conflict of interests arising from competing business and to safeguard the interests of the Shareholders:

(1) our independent non-executive Directors will review, on an annual basis, the Deed of Non-competition to ensure compliance with the non-compete undertaking by the Controlling Shareholders;

(2) our Controlling Shareholders have undertaken to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and compliance with the Deed of Non-competition;

(3) our Company has appointed Kingsway Capital Limited as its compliance adviser as required under the Listing Rules. Please refer to the section headed "Directors, Senior Management and Staff" in this prospectus for further details in relation to the appointment of compliance adviser;

(4) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance with the Deed of Non-competition in an announcement, the interim or annual reports of the Company in accordance with the Listing Rules; and

(5) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall not participate in the relevant Board meetings when matters in which they/their close associates have a material interest are discussed.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of the Shareholders.

OVERVIEW

The following table sets out certain information of our Directors and senior management:

Name	Age	Position	Date of appointment as Director	Time of joining our Group	Roles and Responsibilities in our Group	Relationship with other Directors or senior management
Mr. Chan Peter Tit Sang (陳鐵生)	73	Chairman of our Board and executive Director	17 January 2017 (designated as executive director on 18 January 2017)	Late 1970s	Managing the overall operations and business strategic planning of our Group	Father of Mr. Kenneth Chan, elder brother of Mr. Desmond Chan and brother-in-law of Mr. Chan Chi Ming *(Note)*
Mr. Chan Kenneth Chi Kin (陳志堅)	44	Chief executive officer of our Group and executive Director	17 January 2017 (designated as executive director on 18 January 2017)	May 2003	Formulating business strategies and overseeing general performance of our Group, in particular the Group's sales and marketing activities, internal audit function and information technology initiatives	Son of Mr. Peter Chan, nephew of Mr. Desmond Chan and nephew of Mr. Chan Chi Ming
Mr. Chan Chun Sang Desmond (陳春生)	69	Executive Director	17 January 2017 (designated as executive director on 18 January 2017)	Late 1970s	Overseeing daily operations of our Group in Hong Kong	Younger brother of Mr. Peter Chan, brother-in-law of Mr. Chan Chi Ming *(Note)* and uncle of Mr. Kenneth Chan
Mr. Chan Chi Ming (陳志明)	61	Executive Director	17 January 2017 (designated as executive director on 18 January 2017)	Late 1970s	Overseeing daily operations of our PRC production facilities	Brother-in-law of Mr. Peter Chan, brother-in-law of Mr. Desmond Chan *(Note)* and uncle of Mr. Kenneth Chan
Mr. Ng Sze Yuen Terry (吳士元)	57	Independent non-executive Director	9 October 2017	9 October 2017	Supervising the management of our Company	Nil
Dr. Chu Po Kuen Louis (朱譜權)	69	Independent non-executive Director	9 October 2017	9 October 2017	Supervising the management of our Company	Nil
Mr. Ho Yuk Chi (何毓贇)	73	Independent non-executive Director	9 October 2017	9 October 2017	Supervising the management of our Company	Nil
Mr. Tang Shichun (唐世春)	47	Deputy general manager of our Group	—	1997	Overseeing production facilities	Nil
Mr. Chan Chiu Ning (陳朝寧)	53	Deputy general manager of our Group	—	July 2002	Responsible for operations and human resources management	Nil
Ms. Cheung Mei Yee Lorna (張美意)	63	Financial controller of our Group	—	March 2013	Responsible for the Group's finance and accounting matters and to manage and implement Group-wide cost control measures	Nil
Ms. Ng Yin Ting Joyce (吳燕婷)	29	Company secretary of our Group	—	January 2017	Company secretarial duties	Nil

Note:

Mr. Peter Chan has become the brother-in-law of Mr. Chan Chi Ming since he married Ms. Chan Lai Lin Diana, who is the elder sister of Mr. Chan Chi Ming; Mr. Desmond Chan, who is the younger brother of Mr. Peter Chan, also becomes the brother-in-law by way of the marriage of Mr. Peter Chan and Ms. Chan Lai Lin Diana.

DIRECTORS

The Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association.

Executive Directors

Mr. Chan Peter Tit Sang (陳鐵生), aged 73, was appointed as a Director on 17 January 2017 and was designated as the chairman and executive Director on 18 January 2017. Mr. Peter Chan is responsible for managing the overall operations and business strategic planning of our Group. Mr. Peter Chan founded our Group in late 1970s and has over 36 years of experience in the printing industry. Mr. Peter Chan has completed form five education.

Mr. Peter Chan was the director of the following company which was incorporated in Hong Kong and was deregistered, the details of which are as follow:

Company name	Nature of business/proceedings	Date of deregistration
Tonwell Industrial Limited (敦威實業有限公司)	Never commenced business or operation	17 October 2003
Concept Marketing Consultant Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	23 June 2017

Mr. Peter Chan confirmed that there have been no claims against him in relation to the above-mentioned company that has been deregistered, and the above-mentioned company was solvent at the time of being deregistered. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned company.

Mr. Chan Kenneth Chi Kin (陳志堅), aged 44, was appointed as a Director on 17 January 2017 and was designated as the chief executive officer of our Group and executive Director on 18 January 2017. He is responsible for formulating business strategies and overseeing general performance of our Group, in particular the Group's sales and marketing activities, internal audit function and information technology initiatives. He has over 13 years of experience in the printing industry and over 20 years of experience in sales and marketing. After joining our Group in May 2003, he has been primarily responsible for formulating business strategies and overseeing general performance of our Group. He is a committee member of the 10th Zhaoqing Municipal Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議肇慶市第十屆委員會) and an honorary chairman of the board of directors of the Zhaoqing Overseas Fraternal Association* (肇慶海外聯誼會第六屆理事會名譽會長). Mr. Kenneth Chan was a member of the Entrepreneurs' Organisation — Hong Kong Chapter Limited (香港青年企業家協會有限公司) from 2005 to 2015, and has been an alumni of the organization since 2015. He has also been an YPO Beijing member of the Young Presidents' Organisation — Beijing Chapter (青年總裁協會北京分會) since 2014. Mr. Kenneth Chan was also a director of the 1st board of directors of the Hong Kong GuangFoZhao Fraternity Association (香港廣佛肇聯誼總會第一屆會董會) from 2011 to 2014. Mr. Kenneth Chan completed his second year of studies in computer science at the University of British Columbia in Canada in 1995. He also strives to keep track with the technological development. He recently completed an executive programme about exponential technologies organised by the Singularity University in Silicon Valley, U.S., on 28 October 2016.

Mr. Kenneth Chan was the director of the following company which was incorporated in Hong Kong and was deregistered, the details of which are as follow:

Company name	**Nature of business/proceedings**	**Date of deregistration**
Mega Win Worldwide Limited (美滙環球有限公司)	Never commenced business or operation	25 June 2010

Mr. Kenneth Chan confirmed that there have been no claims against him in relation to the above-mentioned company that has been deregistered, and the above-mentioned company was solvent at the time of being deregistered. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned company.

Mr. Chan Chun Sang Desmond (陳春生), aged 69, was appointed as a Director on 17 January 2017 and was designated as an executive Director on 18 January 2017. Mr. Desmond Chan is responsible for overseeing daily operations of our Group in Hong Kong. Mr. Desmond Chan joined our Group in late 1970s and has over 35 years of experience in the printing industry. Mr. Desmond Chan has completed form five education.

Mr. Desmond Chan was the director of the following company which was incorporated in Hong Kong and was deregistered, the details of which are as follow:

Company name	**Nature of business/proceedings**	**Date of deregistration**
Tonwell Industrial Limited (敦威實業有限公司)	Never commenced business or operation	17 October 2003

Mr. Desmond Chan confirmed that there have been no claims against him in relation to the above-mentioned company that has been deregistered, and the above-mentioned company was solvent at the time of being deregistered. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned company.

Mr. Chan Chi Ming (陳志明), aged 61, was appointed as a Director on 17 January 2017 and was designated as an executive Director on 18 January 2017. Mr. Chan Chi Ming is responsible for overseeing daily operations of our PRC production facilities. He joined our Group in late 1970s upon completion of his form five education in Hong Kong and has over 35 years of experience in the printing industry. Mr. Chan Chi Ming joined the Group in 1978 after he completed form five education in 1977.

Mr. Chan Chi Ming was the director of the following company which was incorporated in Hong Kong and was deregistered, the details of which are as follow:

Company name	**Nature of business/proceedings**	**Date of deregistration**
Tonwell Industrial Limited (敦威實業有限公司)	Never commenced business or operation	17 October 2003

Mr. Chan Chi Ming confirmed that there have been no claims against him in relation to the above-mentioned companies that have been deregistered, and the above-mentioned companies were solvent at the time of being deregistered. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned company.

Independent Non-Executive Directors

Mr. Ng Sze Yuen Terry (吳士元), aged 57, was appointed as an independent non-executive Director on 9 October 2017. Mr. Ng has over 28 years of experience in operations and management. Since November 2014, Mr. Ng has been the chief executive officer and an executive director of L'AVENUE International Holdings Limited, a private company focusing on development of retail residential properties in Hong Kong, and his responsibilities include strategic planning, financial investments, management of property development and investment portfolio, both in Hong Kong and overseas. He is currently an independent non-executive Director of China New City Commercial Development Limited (stock code: 1321), a company listed on the Main Board of the Stock Exchange. Since January 2012, Mr. Ng has been the founding member and a director of Terry Ng & Associates Limited in which he manages his own investment portfolio including real estate, equity market and private equity.

He served as an executive director of Hang Lung Group Limited (stock code: 010) and Hang Lung Properties Limited (stock code: 101), companies of which shares are listed on the Main Board of the Stock Exchange, respectively, from November 2001 to July 2010, and was mainly responsible for their strategic and corporate planning, financial investments, and relations with the investment community. He was also an executive director of Giordano International Limited (stock code: 709), a company of which shares are listed on the Main Board of the Stock Exchange, from July 1996 to October 2001. Mr. Ng has over 8 years of work experience with Giordano International Limited and its affiliated companies, and held other various positions including senior vice president of international business and assistant director of business development from September 1993 to October 2001. He also worked at the Stock Exchange and held various positions including senior manager of listing division, department head of finance division and manager of finance division from June 1988 to August 1993.

Mr. Ng is a fellow member of CPA Australia. He obtained a master's degree in business administration from Asia International Open University (Macau) (currently known as City University of Macau) in November 1995 and a bachelor of commerce degree in accounting and finance systems from the University of New South Wales in April 1985.

Mr. Ng was the director of the following companies which were incorporated in Hong Kong and were deregistered, the details of which are as follow:

Company name	Nature of business/proceedings	Date of deregistration
AP Treasury Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	10 October 2003
Chat Room Cafe Limited	Never commenced business or operation	11 October 2002
Chat Room Group Limited	Never commenced business or operation	11 October 2002
Fairwick Limited (科偉有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	10 December 2004
Garden Terrace (Blocks 2 & 3) Management Company Limited (花園臺(2，3座)管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	10 October 2003
Grand Hotel Treasury Limited (格蘭酒店集團融資有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	21 October 2005
Grand Hotel Treasury Services Limited	Never commenced business or operation	10 October 2003
Grand Suite Tower Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	9 November 2007
Hang Chun Company Limited (恒增有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	21 October 2005
Hang May Enterprises Limited (恒美企業有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	14 November 2003

Company name	Nature of business/proceedings	Date of deregistration
Hang Way Finance Company, Limited (恒滙財務有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Hanley Villa Management Limited (恒麗園管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	15 November 2002
Hanson Mortgage Limited (恒城財務有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	20 March 2009
Hantak Group Limited (恒德創展集團有限公司)	Never commenced business or operation	10 October 2003
Hantak Holdings Limited (恒德控股有限公司)	Never commenced business or operation	10 October 2003
Hantak International Limited (恒德控股國際有限公司)	Never commenced business or operation	10 October 2003
Hantak Investment Limited (恒德策略投資有限公司)	Never commenced business or operation	10 October 2003
Hantak Realty Limited (恒德地產有限公司)	Never commenced business or operation	10 October 2003
Hantak Technologies Limited (恒德科訊發展有限公司)	Never commenced business or operation	10 October 2003
HL Mortgage (AC) Limited (恒隆按揭(旺角中心)有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	15 November 2002
HL Mortgage (GT) Limited (恒隆按揭(花園臺)有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	14 December 2007
HL Mortgage (HV) Limited (恒隆按揭(恒麗)有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002

Company name	Nature of business/proceedings	Date of deregistration
HLP International Finance Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business	21 October 2005
Hoi Full Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business	21 October 2005
Luen Cheong Can Centre Management Limited (聯昌中心管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Merrysun Limited (敏新有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	23 February 2007
New Haven Management Limited (名逸居管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	9 November 2007
Nine Wing Hong Street Management Limited (永康街九號管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	20 September 2002
Noble Place Management Limited (景峰豪庭管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	10 October 2003
Parc Versailles Management Company Limited (帝欣苑管理有限公司)	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Parkawan Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002
Quemana Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	20 September 2002

Company name	Nature of business/proceedings	Date of deregistration
Rosper Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration or never commenced business or operation	10 December 2004
Selandia Limited	Ceased to carry on business or operation for more than three months immediately before application for deregistration	8 November 2002

Mr. Ng confirmed that there have been no claims against him in relation to the above-mentioned companies that have been deregistered, and the above-mentioned companies were solvent at the time of being deregistered. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned companies.

Mr. Ng was also the director of the following registered non-Hong Kong companies which had wound up and dissolved voluntarily in the BVI, the details of which are as follows:

Company name	Place of incorporation	Nature of business/ proceedings	Date of striking-off and dissolution in BVI
Amoy International Treasury Limited	British Virgin Islands	Wound up and dissolved voluntarily in the BVI	11 October 2006
HLP International Treasury Limited	British Virgin Islands	Wound up and dissolved voluntarily in the BVI	24 April 2006

Mr. Ng confirmed that there have been no claims against him in relation to the above-mentioned companies that ceased place of business in Hong Kong and dissolved in BVI, and the above-mentioned companies were solvent at the time of cessation and at the time of dissolution. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned companies.

Dr. Chu Po Kuen Louis (朱譜權), aged 69, was appointed as an independent non-executive Director on 9 October 2017. Dr. Chu is currently a registered medical practitioner in Hong Kong with over 30 years of experience in medicine. In January 1973, he joined the Medical & Health Department of the Hong Kong Government as a medical and health officer. In September 1984, he was transferred to the Accident & Emergency Department of Prince of Wales Hospital and was promoted to senior medical & health officer in May 1986. Dr. Chu was also a medical superintendent of Tung Wah Hospital between June 1981 and February 1982 and a medical superintendent of Prince of Wales Hospital between August 1989 and February 1990. He was also actively involved in the setting up of the Accident & Emergency Department of the Prince of Wales Hospital in 1984 and the Accident & Emergency Information System at the Queen Elizabeth Hospital in 1994. Dr. Chu joined the Hospital

Authority in December 1991 until his retirement in July 2003 and was an adviser of service transformation of the Accident & Emergency Department of Queen Elizabeth Hospital through his membership in the Departmental Consultative Committee. Dr. Chu obtained degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong in November 1972.

Mr. Ho Yuk Chi (何毓贄), aged 73, was appointed as an independent non-executive Director on 9 October 2017 Mr. Ho has extensive experience in education, trading and management. He has over 30 years of experience in education sector. Mr. Ho was employed by the Society of Boys' Centres Chak Yan Centre School from September 1983 to January 1994, with his last position being as principal of the school. Since January 1994, Mr. Ho has been serving as the managing director of Wiseville International Limited, a company primarily engaged in the trading of wine and glassware. Mr. Ho obtained the certificate for teachers of maladjusted and socially deprived children issued by the Hong Kong Education Department in April 1982 and a Bachelor of Arts degree from The Chinese University of Hong Kong in December 1992. Mr. Ho has also contributed to the Hong Kong Special Schools Council and served in various positions, including honorary deputy secretary and vice-chairman, from 1985 to 1993.

Mr. Ho was the director of the following company which was incorporated in Hong Kong and was deregistered, the details of which are as follow:

Company name	Nature of business/proceedings	Date of deregistration
Casa Gaudi Limited (卡嘉迪有限公司)	Cease to carry on business for more than 3 months immediately before application for deregistration	28 July 2006

Mr. Ho confirmed that there have been no claims against him in relation to the above-mentioned company that has been deregistered, and the above-mentioned company was solvent at the time of being deregistered. No material non-compliant incidents, claims, litigation or legal proceedings are indicated to involve the above-mentioned company.

SENIOR MANAGEMENT

Mr. Tang Shichun (唐世春), aged 47, is the deputy general manager of Tung Pak and responsible for overseeing production activities. He has over 23 years of experience in printing services and management. Prior to joining our Group in 1997, he had around four years of experience in Hebei Xintai Ruikai Printing Limited* (河北省邢台市瑞凱彩印包裝有限公司) as an apprentice and his last position held was supervisor of the printing plate department (印刷板部門監事). He obtained a certificate (本科畢業) of printing technology* (印刷技術) from the Beijing Institute of Graphic Communication* (北京印刷學院) in July 1992.

Mr. Chan Chiu Ning (陳朝寧), aged 53, is the deputy general manager of Sun Hing and responsible for operations and human resources management. He has over 20 years of experience in the manufacturing industry. Prior to joining our Group in July 2002, he had been a supervisor of the customer clearance department in Solid Company Limited for over seven years. Mr. Chan has completed his high school education in the PRC.

Ms. Cheung Mei Yee Lorna (張美意), aged 63, is the financial controller of our Company and responsible for the Group's finance and accounting matters and to manage and implement Group-wide cost control measures. She has over 30 years of experience in accounting and administration. Prior to joining our Group in March 2013, she was an accounting manager at Compress Digital Technology Limited from September 2008 to February 2013, a Group Controller at Orient Power Holdings Limited, a company formerly listed on the Stock Exchange, from June 1986 to August 2005, a chief accountant at Soundic Electronics Ltd from January 1976 to May 1985 and a chief accountant at Koyoda Limited from June 1985 to September 1985. Ms. Cheung has completed form five education in Hong Kong. She further obtained a certificate in accounting (higher stage) at Hong Kong School of Commerce in October 1973.

COMPANY SECRETARY

Ms. Ng Yin Ting Joyce (吳燕婷), aged 29, was appointed as the company secretary of our Company on 18 January 2017 and is responsible for the Company secretarial matters of our Group. She has been an assistant vice president with AE Majoris Advisory Company Limited since September 2013. She worked for Deloitte Touche Tohmatsu from October 2009 to March 2013 with her last position as a senior auditor. Ms. Ng obtained a bachelor degree of business administration in accountancy from the City University of Hong Kong in July 2009. She has been admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants since March 2013.

In view of Ms. Ng's experience in legal and company secretarial functions and with stock exchange rules and regulations, our Directors believe that Ms. Ng has the appropriate expertise for the purposes of Rule 8.17 of the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules after the Listing.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of all of the independent non-executive Directors, namely Mr. Ng Sze Yuen Terry, Dr. Chu Po Kuen Louis and Mr. Ho Yuk Chi. Mr. Ng Sze Yuen Terry, who holds the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, serves as the chairman of the audit committee. The primary duties of the audit committee include, among other things, making recommendations to the Board on the appointment, reappointment and removal of the external auditor, reviewing our Group's financial information, overseeing our Group's financial reporting system, risk management and internal control systems.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Mr. Peter Chan, Dr. Chu Po Kuen Louis and Mr. Ho Yuk Chi. Dr. Chu Po Kuen Louis has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee include, among other things, making recommendations to the Board on our Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy and on the remuneration packages of individual executive Directors and senior management.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee has three members, namely Mr. Peter Chan, Mr. Ng Sze Yuen Terry and Mr. Ho Yuk Chi. Mr. Peter Chan has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee include, among other things, making recommendations on any proposed changes to the Board to complement our Company's corporate strategy.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration from our Group in the form of salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind.

The aggregate amounts of remuneration (including fees, salaries, allowances and benefits in kind, and pension schemes contributions, paid to the Directors for the years ended 30 June 2015, 2016 and 2017 were approximately HK$10.6 million, HK$10.6 million and HK$10.9 million, respectively. None of the Directors had waived any remuneration during the same period.

The aggregate amounts of remuneration (including salaries, allowances and benefits in kind, performance related bonuses and pension schemes contributions, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Group's five highest paid individuals, excluding Directors, for the years ended 30 June 2015, 2016 and 2017 were approximately HK$0.5 million, HK$0.7 million and HK$0.7 million, respectively.

No payment was made by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the Track Record Period.

Save as disclosed above, no other payments have been made or are payable in respect of the Track Record Period by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ending 30 June 2018 to be approximately HK$15.7 million.

SHARE OPTION SCHEME

The Company has conditionally approved and adopted the Share Option Scheme, the purpose of which is to motivate Eligible Persons (as defined herein) (i) to optimise their future contributions to our Group; (ii) to reward them for their past contributions; and (iii) to attract, retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of our Group. The principal terms of the Share Option Scheme are summarised in "D. Share Option Scheme" in Appendix IV to this prospectus.

COMPLIANCE ADVISER

We have appointed Kingsway Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and seek advice from our compliance adviser in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where its business activities, developments or results 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 securities of our Company, the possible development of a false market in the securities of our Company or any other matters.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date. Our Company may terminate the appointment of our compliance adviser by giving a 30 days' prior written notice to the compliance adviser. Our Company will exercise such a right in compliance with Rule 3A.26 of the Listing Rules.

SHARE CAPITAL

Authorised share capital:

10,000,000,000 Shares	HK$100,000,000

Assuming the Over-allotment Option is not exercised (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme), the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue will be as follows:

Shares in issue or to be issued, fully paid or credited as fully paid:

Number of Shares	Description of Shares	Aggregate nominal value of Shares
1,000	Shares in issue as at the date of this prospectus	HK$10
359,999,000	Shares to be issued under the Capitalisation Issue	HK$3,599,990
12,000,000	Shares to be issued under the Public Offer	HK$120,000
108,000,000	Shares to be issued under the Placing	HK$1,080,000
480,000,000	Total	HK$4,800,000

Assuming the Over-allotment Option is exercised in full (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme), the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue will be as follows:

Shares in issue or to be issued, fully paid or credited as fully paid:

Number of Shares	Description of Shares	Aggregate nominal value of Shares
1,000	Shares in issue as at the date of this prospectus	HK$10
359,999,000	Shares to be issued under the Capitalisation Issue	HK$3,599,990
12,000,000	Shares to be issued under the Public Offer	HK$120,000
108,000,000	Shares to be issued under the Placing	HK$1,080,000
18,000,000	Shares to be issued upon exercise of the Over-allotment Option in full	HK$180,000
498,000,000	Total	HK$4,980,000

Pursuant to Rule 8.08 of the Listing Rules, at the time of Listing and at all times thereafter, at least 25% of the Company's total number of issued shares must at all times be held by the public (as defined in the Listing Rules).

Assumptions

The above tables assume that the Share Offer has become unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue is made. The tables take no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by our Company under the general mandates referred to below.

Ranking

The Offer Shares will rank *pari passu* in all respects with all other Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank equally for all dividends and other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus (save for entitlements to the Capitalisation Issue).

GENERAL MANDATE GIVEN TO OUR DIRECTORS TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate (the ''**Share Issue Mandate**'') to allot, issue and deal with unissued Shares not exceeding:

(a) 20% of the number of Shares in issue immediately following completion of the Share Offer and Capitalisation Issue; and

(b) the total number of Shares purchased by our Company pursuant to the Share Buy-back Mandate referred to in the paragraph headed ''General mandate given to our Directors to buy back Shares'' below.

Our Directors may, in addition to Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to, inter alia, a rights issue, or upon the exercise of any options which may be granted under the Share Option Scheme or other option scheme or similar arrangement for the time being adopted, or any scrip dividend shares or similar arrangements providing for allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles.

The Share Issue Mandate will remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the end of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the Share Issue Mandate, please see the paragraph headed ''A. Further information about our Group — 3. Extraordinary general meeting of our Shareholders held on 9 October 2017'' in Appendix IV of this prospectus.

GENERAL MANDATE GIVEN TO OUR DIRECTORS TO BUY BACK SHARES

Our Directors have been granted a general unconditional mandate (the "**Share Buy-back Mandate**") to exercise all the powers of our Company to purchase such number of Shares not exceeding 10% of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue.

The Share Buy-back Mandate only relates to purchases made on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and which are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "A. Further information about our Group — 6. Repurchase of Shares" in Appendix IV of this prospectus.

The Share Buy-back Mandate will remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the end of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Share Buy-back Mandate by ordinary resolution of our Shareholders in general meeting.

For further details of the Share Buy-back Mandate, please see the paragraph headed "A. Further information about our Group — 3. Extraordinary general meeting of our Shareholders held on 9 October 2017" in Appendix IV of this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Principal terms of the Share Option Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, 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" set out in Appendix III of this prospectus.

RULE 10.08 OF THE LISTING RULES

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us or form the subject of any agreement to such an issue by us 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 under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Following the Listing, the following transactions are expected to continue between our Group and the relevant connected persons, which will constitute continuing connected transactions under the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Mr. Peter Chan is our executive Director, Chairman of our Board and a Controlling Shareholder. Mr. Kenneth Chan is our executive Director. Mr. Peter Chan, Mr. Kenneth Chan and their respective associates (including companies controlled by any of them) will become our connected persons upon Listing. As at the Latest Practicable Date, the transactions contemplated under the agreements described below were subsisting and such transactions are expected to continue following the Listing. As such, such transactions will constitute connected transactions for our Company after the Listing.

Leasing of properties from companies controlled by Mr. Peter Chan and his associates

1. Flat 2, 8/F, Block B, 7 Tai Tam Reservoir, Park Place, Tai Tam, Hong Kong ("Property A")

On 7 June 2017, Sun Hing, a subsidiary of our Company, and High Develop Investments Limited ("**High Develop**"), in renewal of the existing lease with term from 1 July 2013 to 30 June 2017, entered into a lease agreement ("**Property A Lease Agreement**") in respect of the leasing of Property A from High Develop to Sun Hing commencing from 1 July 2017 for a fixed term of one year expiring on 30 June 2018, at a rent of HK$105,000 per month, exclusive of rates, government rent, management fees, utilities charges and other outgoings which shall be borne by High Develop. High Develop is a company incorporated in Hong Kong with limited liability and is owned by Mr. Peter Chan as to 80% and his associate as to 20%. As such, High Develop is a connected person of our Company under the Listing Rules. Property A occupies a saleable area of approximately 2,113 sq. ft. and our Group currently uses Property A as Director's quarter.

The annual rental amount payable by our Group under the Property A Lease Agreement for the year ending 30 June 2018 is HK$1,260,000.

2. Flat B, 19/F, Pinecrest, 65 Repulse Bay Road, Reservoir, Hong Kong ("Property B")

On 7 June 2017, Sun Hing and Golden Park Development Limited ("**Golden Park**"), in renewal of the existing lease with term from 1 July 2013 to 30 June 2017, entered into a lease agreement ("**Property B Lease Agreement**") in respect of the leasing of Property B from Golden Park to Sun Hing commencing from 1 July 2017 for a fixed term of one year expiring on 30 June 2018, at a rent of HK$110,500 per month, exclusive of rates, government rent, management fees, utilities charges and other outgoings which shall be borne by Golden Park. Golden Park is a company incorporated in Hong Kong with limited liability and is owned by Mr. Peter Chan as to 30%, Mr. Kenneth Chan as to 20% and an associate of Mr. Peter Chan as to 20%. As such, Golden Park is a connected person of our Company under the Listing Rules. Property B occupies a saleable area of approximately 1,917 sq. ft. and our Group currently uses Property B as Director's quarter.

The annual rental amount payable by our Group under the Property B Lease Agreement for the year ending 30 June 2018 is HK$1,326,000.

Historical transaction amounts

The aggregate amounts of rental paid by our Group in relation to leasing of Property A and Property B for each of the years ended 30 June 2015, 30 June 2016 and 30 June 2017 amounted to approximately HK$1,920,000, HK$1,920,000 and HK$1,920,000 respectively.

Implications under the Listing Rules

The rental payments under the Property A Lease Agreement and Property B Lease Agreement (the "**Lease Agreements**") are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The highest applicable percentage ratio (as defined under the Listing Rules) calculated with reference with the maximum aggregate annual rental payable by our Group to High Develop and Golden Park exceeds 0.1% but is less than 5%, and the aggregate annual rental payable by our Group under the Lease Agreements will not exceed HK$3,000,000. Therefore, upon Listing, the transactions contemplated under the Lease Agreements constitute de minimis continuing connected transactions for our Company pursuant to the Listing Rules, which will be exempt from compliance with the requirements announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors confirmed that the respective rental payments under each of the Lease Agreements were determined by the parties through arm's length negotiations with reference to the market rent for similar properties in the vicinity of each property at the time when the Lease Agreements. Our Directors are of the view that the Lease Agreements were and on normal commercial terms and that the terms were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDER

So far as is known to any Director or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the Share Offer and Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares to be issued upon the exercise of options which may be granted under the Share Option Scheme, the persons (other than a Director or the chief executive of our Company) who will have interests and/or short positions in our Shares, underlying Shares or debentures of our Company which will 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 once our Shares are listed on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group are as follows:

Name	**Capacity/nature of interest**	**Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer** *(Note 1)*	**Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer**
Goody Luck	Beneficial interest *(Notes 2, 3)*	360,000,000 (L)	75.0%
Goody Capital	Beneficial interest *(Notes 2, 3)*	360,000,000 (L)	75.0%
Mr. Peter Chan	Interest in a controlled corporation *(Note 3)*	360,000,000 (L)	75.0%
Mr. Kenneth Chan	Interest in controlled corporations *(Note 3)*	360,000,000 (L)	75.0%
Mr. Chan Chi Ming	Interest in a controlled corporation *(Note 3)*	360,000,000 (L)	75.0%
Mr. Desmond Chan	Interest in a controlled corporation *(Note 3)*	360,000,000 (L)	75.0%
Ms. Chan Lai Lin Diana	Interest of spouse *(Note 4)*	360,000,000 (L)	75.0%
Ms. Wong Orangeo Wendy	Interest of spouse *(Note 5)*	360,000,000 (L)	75.0%
Ms. Lee Shuk Fong	Interest of spouse *(Note 6)*	360,000,000 (L)	75.0%
Ms. Tso Yin Wah	Interest of spouse *(Note 7)*	360,000,000 (L)	75.0%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 54.8% by Goody Luck and 20.2% by Goody Capital immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares which may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). Goody Luck is owned as to 98.6% by Mr. Peter Chan and 1.4% by Mr. Kenneth Chan, and Goody Capital is owned as to 33.3% by Mr. Desmond Chan, 33.3% by Mr. Chan Chi Ming and 33.3% by Mr. Kenneth Chan.

3. Mr. Peter Chan, Mr. Kenneth Chan, Mr. Chan Chi Ming and Mr. Desmond Chan are persons acting in concert pursuant to the Acting In Concert Confirmation And Undertaking and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, with respect to the businesses of each member of the Group, (i) each of Mr. Peter Chan and Mr. Desmond Chan confirms that since 31 December 1990; (ii) each of Mr. Peter Chan, Mr. Desmond Chan and Mr. Chan Chi Ming confirms that since the 5 February 1991; and (iii) each of Mr. Peter Chan, Mr. Desmond Chan, Mr. Chan Chi Ming and Mr. Kenneth Chan confirms that since the 8 March 2010, (i) they have agreed to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of each member of the Group, and have historically voted on each resolutions in the same way; (ii) they have centralised the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of members of the Group; and (iii) they have operated members of the Group as a single business venture on a collective basis and have made collective decisions in respect of the financial and operating policies of the members of the Group, and will continue to do so. As such, each of our Controlling Shareholders is deemed to be interested in 75.0% of the issued share capital of our Company.

4. Ms. Chan Lai Lin Diana is the spouse of Mr. Peter Chan. Under the SFO, Ms. Chan is deemed to be interested in the same number of Shares in which Mr. Peter Chan is interested in.

5. Ms. Wong Orangeo Wendy is the spouse of Mr. Kenneth Chan. Under the SFO, Ms. Wong Orangeo Wendy is deemed to be interested in the same number of Shares in which Mr. Kenneth Chan is interested in.

6. Ms. Lee Shuk Fong is the spouse of Mr. Chan Chi Ming. Under the SFO, Ms. Lee is deemed to be interested in the same number of Shares in which Mr. Chan Chi Ming is interested in.

7. Ms. Tso Yin Wah is the spouse of Mr. Desmond Chan. Under the SFO, Ms. Tso is deemed to be interested in the same number of Shares in which Mr. Desmond Chan is interested in.

Save as disclosed in this prospectus, so far as is known to any Directors or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the Share Offer and Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares to be issued upon the exercise of options which may be granted under the Share Option Scheme, there are no other person (other than a Director or the chief executive of our Company) who will have interests and/or short positions in the Shares, the underlying Shares or debentures of our Company which will 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 once our Shares are listed on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountant's Report included as Appendix I and our selected historical consolidated financial information and operating data included elsewhere in this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs. Potential investors 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 reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk Factors" and "Forward-Looking Statements" for discussions of those risks and uncertainties.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a one-stop printing service provider. Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. Our printing services focus on paper-related printing products and we can cater for our customers' diversified needs on design complexity, size, quality and quantity of printing products to be used in different areas. In preparing our quotation, we provide printing solution consultation to our customers including suggestions of amendments to the product design and colour-mix to enhance the production cost-effectiveness. We also offer a broad selection of post-press treatments to our customers such as spot ultra-violet coating, varnishing, calendaring, film laminating, gold stamping, corrugated paper lamination, die-cutting, folding and binding/gluing and handcrafting, as well as certain value-added information technology-related services including the variable data printing for unique codes such as barcodes, QR codes and other numerical or alphabetical codes, and the inclusion of embedded codes technology for talking pen, on the printing products.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Track Record Period on 17 January 2017. The companies now comprising the Group were under the common control of Mr. Chan Peter Tit Sang ("**Mr. Peter Chan**"), Mr. Chan Kenneth Chi Kin ("**Mr. Kenneth Chan**"), Mr. Chan Chun Sang Desmond ("**Mr. Desmond Chan**") and Mr. Chan Chi Ming (collectively the "**Controlling Shareholders**"), before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on our management's best knowledge and judgment of current facts and circumstances, actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in note 4 to the Accountants' Report. Further details on the basis of presentation are set out in the note 2.1 to the Accountants' Report.

KEY FACTORS AFFECTING OUR OPERATING RESULTS AND FINANCIAL CONDITIONS

Our provisions of printing services are made on the basis of individual purchase order placed by our customers and any significant decrease in the number of purchase orders placed by our customer would affect our operations and financial results

Our provisions of printing services are made on the basis of individual purchase order placed by our customers and we did not enter into any master long-term contract or framework agreement with our customers during the Track Record Period and up to the Latest Practicable Date. After completion of the purchase orders, our customers are not obliged to engage us for any further printing services.

Further, during the Track Record Period, demand of our printing services was subject to seasonal fluctuation. The peak seasons for our Group was typically from June to September as our products were produced and delivered for our customers to meet their product demand during the Christmas and New Year holidays. For details, please refer to the paragraph headed "Business — Sales and Marketing — Seasonality" in this prospectus.

Our success is partly attributable to our ability to maintain and increase purchase orders from our existing customers and new customers, which depend on a variety of factors including but not limited to our customers' demand for our printing services, our service quality and responsiveness, the market conditions and the degree of competition in the market.

There can be no assurance that our customers will continue to place purchase orders with us at the same quantity, for the same categories of printing services, under the same seasonal pattern, or at all in the future. If there is any significant decrease in the number of purchase orders placed by our customer (whether during the peak seasons or not), our business and results of operations would be materially and adversely affected.

We are exposed to payment delays and/or default by our customers which would adversely affect our operations and financial condition

We generally issue invoices or monthly statements to our customers for the outstanding payment after delivery and the range of credit period granted by our Group to our customers is between 30 to 90 days for settling such outstanding amount. As at 30 June 2016 and 30 June 2017, the trade receivables amounted to approximately HK$52.2 million and HK$51.1 million respectively, representing a decrease of approximately HK$1.1 million or 2.1%, whereas the respective trade receivables also accounted for approximately 25.5% and 37.0% of the total current assets respectively. In addition, the trade receivables' turnover days were approximately 87.6 days, 73.9 days and 62.2 days for each of the three years ended 30 June 2017, respectively. For details of the fluctuations in our trade receivables from customers and trade receivables' turnover days, please refer to the paragraph headed "Financial Information — Trade Receivables" in this prospectus.

There is no assurance that our customers will be able to meet their payment obligations on time or in full or that our average trade receivable days will not increase. Any inability on the part of our customers to settle or settle promptly the amounts due to us may adversely affect our financial performance and operating cash flow.

Our business is susceptible to fluctuations in purchase prices of our principal raw materials used in our production

Our profitability depends to a large extent on our ability to anticipate and react to changes in purchase prices of our principal raw materials. Our total purchase of raw materials for production of our printing products accounted for approximately 58.1%, 62.8% and 58.8% of our total cost of sales for each of the three years ended 30 June 2017, respectively. Our principal raw material used in our production is paper, the total purchase of which represented approximately 89.0%, 88.2% and 86.4% of our total purchase of raw materials for production of our printing products for each of the three years ended 30 June 2017 respectively.

According to the Frost & Sullivan Report, the price index of paper slightly decreased from 95.6 in 2012 to 94.9 in 2013 and then slightly increased to 97.0 in 2016, while the price index of ink slightly increased from 87.4 in 2012 to 91.1 in 2015 and then slightly decreased to 89.8 in 2016. Please refer to the paragraph headed "Financial Information — Description of Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of sales — Sensitivity analysis" for a sensitivity analysis of the estimated increase/decrease of the profit before tax in relation to the percentage changes to the material cost assuming all other factors remain unchanged.

The availability of our principal raw materials can fluctuate and is subject to factors beyond our control such as general economic conditions and government regulations, and our suppliers may be affected by factors such as rising labour cost and other expenses which may be passed on to us. There can be no assurance that we will be able to accurately anticipate and react to the changes in prices of our principal raw materials, or that we will be able to pass on the increased purchase cost of our raw materials to our customers. Should we fail to manage effectively, our business and results of operations may be adversely affected.

The operations of our production facilities may be disrupted which would adversely affect our operations and financial condition

Our revenue is dependent on the smooth and continuous operations of our production facilities. Our production is subject to risks including, among other things, the breakdown, failure or sub-standard performance of machines and equipment, natural disasters, and the need to comply with all applicable laws, regulations and standards such as environmental compliance in the PRC. The occurrence of any material operational problems at our production facilities in the future may have a material adverse effect on our business, financial condition and operating results.

We rely on our information management systems, the breakdown or disruption of which would adversely affect our operations and financial results

We rely on our information management systems to oversee our production progress, manage our working schedule, allocate our resources and review our performance, which enables us to review our capacity, trace the information of the purchase orders and assess our working progress in a timely and systematic manner. Any long term breakdown or failure of our information management systems, whether as a result of human error or natural disaster, may materially and adversely affect our operations and financial results.

General market downturn may result in reduction in demand for our printing services and intensified competition

Our printing services cover from printing solution consultation, pre-press, offset printing, post-press to delivery. During the Track Record Period, our printing services can be broadly categorised into (i) packaging printing services which cover, among others, corrugated boxes, gift boxes, card boxes and product boxes; (ii) booklet printing services which cover, among others, instruction manuals, hardback books and booklets; (iii) card printing services which cover, among others, colour cards, insert cards, warranty cards and plain cards; and (iv) other printing services which cover, among others, stickers, colour papers, yupo papers, red packets and paper bags, which were used in the markets of various consumer products as well as for the purposes of promotion, advertising and education.

During the periods of economic downturn, consumer spending is generally lower, which may result in a reduced demand in the products of our customers. Such fall in demand may in turn reduce the demand of our printing services by our customers. When consumer sentiment remains conservative, there can be no assurance that our customers will continue to maintain their market supply in normal volumes, resulting in a decrease in purchase orders we may obtain. Such a general market downturn could result in not only a reduction in demand for our printing services, but also intensified competition. Under such circumstances, our business, financial condition and results of operations may be materially and adversely affected.

CRITICAL ACCOUNTING POLICIES & ESTIMATES

The financial statements of our Group was prepared in accordance with all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, which requires our Group to adopt accounting policies and make estimates and assumptions that the management believes are appropriate in the circumstances for purpose of giving a true and fair view of the results and financial condition of our Group. However, different policies, estimates and assumptions in critical areas could lead to materially different results. Our Directors have continually assessed these estimates based on their experience and knowledge of current business, the expectations based on available information and other reasonable assumptions, which together form our basis for making judgments about matters that are not apparent from other sources. Since the use of estimates is an integral component of financial reporting progress, the actual result could differ from those estimates. Our Directors believe the following accounting policies involve the most significant judgments and estimates used in the preparation of the financial statements.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred.

In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Leasehold improvements	20% or over the lease term
Plant and machinery	5% to 20%
Furniture, fixtures and office equipment	20% to 25%
Motor vehicles	15% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

CONSOLIDATED RESULTS OF OPERATION

The table below sets forth the Consolidated Statements of profit or loss and other comprehensive income of our Group for the three years ended 30 June 2017, as extracted from the Accountants' Report set out in Appendix I to this prospectus:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	289,413	291,207	302,987
Cost of sales	(220,613)	(191,100)	(191,854)
Gross profit	68,800	100,107	111,133
Other income	966	493	350
Selling and distribution expenses	(4,053)	(4,130)	(4,216)
Administrative expenses	(44,251)	(44,111)	(47,120)
Other operating income/(expenses), net	(18)	976	(139)
Listing expenses	—	—	(12,130)
Profit before tax	21,444	53,335	47,878
Income tax expenses	(4,628)	(10,065)	(11,097)
Profit for the year	16,816	43,270	36,781
Other comprehensive loss	(882)	(5,034)	(3,469)
Total comprehensive income for the year	15,934	38,236	33,312

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group's revenue was primarily derived from paper-related printing products. Our revenue was approximately HK$289.4 million, HK$291.2 million and HK$303.0 million for the three years ended 30 June 2017 respectively.

Our revenue increased from approximately HK$289.4 million for the year ended 30 June 2015 to approximately HK$291.2 million for the year ended 30 June 2016 and further increased to approximately HK$303.0 million for the year ended 30 June 2017, representing revenue growth of 0.6% and 4.0% respectively.

During the Track Record Period, our printing services can be broadly categorised into packaging printing, book printing, card printing and other printing. The following table sets forth the breakdown of our revenue by our printing service category during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	(HK$'000)	*% of total revenue*	*(HK$'000)*	*% of total revenue*	*(HK$'000)*	*% of total revenue*
Packaging printing	202,671	70.0%	178,472	61.3%	184,271	60.8%
Booklet printing	54,199	18.7%	78,401	26.9%	84,822	28.0%
Card printing	22,871	7.9%	24,744	8.5%	24,307	8.0%
Other printing	9,672	3.4%	9,590	3.3%	9,587	3.2%
Total:	289,413	100.0%	291,207	100.0%	302,987	100.0%

During the Track Record Period, majority of the total revenue generated from packaging printing service such as corrugated boxes, gift boxes, card boxes and product boxes accounted for approximately 70.0%, 61.3% and 60.8% for the three years 30 June 2017 respectively. The remaining revenue derived from booklet printing services, card printing services and other printing services during the Track Record Period.

The packaging printing service revenue decreased from approximately HK$202.7 million for the year ended 30 June 2015 to approximately HK$178.5 million for the year ended 30 June 2016. The overall reduction in packaging printing service revenue was mainly due to i) decrease in packaging printing service revenue of approximately HK$16.5 million from Customer B for the year ended 30 June 2015 as compared to the year ended 30 June 2016 because to the best knowledge of our Directors, Customer B received less orders from its customers for an electrical appliance packaging printing service and ii) the Group received increased orders from booklet printing service customers, which occupied more of our production capacity. The revenue derived from booklet printing service has increased by approximately 44.7% for the year ended 30 June 2016. Our Directors also confirm that our Group had no dispute with Customer B during the Track Record Period and up to the Latest Practicable Date.

The packaging printing service revenue increased from approximately HK$178.5 million for the year ended 30 June 2016 to approximately HK$184.3 million for the year ended 30 June 2017 mainly due to more purchase orders were received from Customer C and The Marketing Store Worldwide L.P. for the year ended 30 June 2017 as compared to the corresponding period last year.

The following table sets forth a breakdown of our revenue by geographical locations for the periods indicated:

	Year ended 30 June					
	2015		2016		2017	
	HK$'000	*% of revenue*	*HK$'000*	*% of revenue*	*HK$'000*	*% of revenue*
Hong Kong	225,298	77.8	179,208	61.5	194,318	64.1
U.S.	14,228	4.9	65,788	22.6	83,812	27.7
Other countries	49,887	17.3	46,211	15.9	24,857	8.2
	289,413	100.0	291,207	100.0	302,987	100.0

During the Track Record Period, the total revenue generated from Hong Kong and U.S. accounted for approximately 82.7%, 84.1% and 91.8% of our total revenue for the three years ended 30 June 2017 respectively. The remaining revenue was derived from Netherlands, Australia, Macau and the PRC during the Track Record Period.

The proportion of revenue from Hong Kong dropped was mainly due to decrease in total revenue of approximately HK$43.5 million of Customer B during the year ended 30 June 2016. The proportion of revenue from U.S. increased was mainly due to the increase in total revenue to approximately HK$28.0 million and HK$22.0 million during the year ended 30 June 2016 from Customer C and The Marketing Store Worldwide L.P. respectively, which are both U.S. companies.

The portion of revenue from Hong Kong increased was mainly due to more orders from Customer D for approximately HK$3.7 million and a customer with approximately HK$2.9 million related to product boxes during the year ended 30 June 2017. The portion of revenue from U.S. increased was mainly due to a further increase in total revenue to HK$50.7 million during the year ended 30 June 2017 from The Marketing Store Worldwide L.P.

Cost of Sales

Set forth below are the details of our cost of sales during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	HK$'000	*% of cost of sales*	*HK$'000*	*% of cost of sales*	*HK$'000*	*% of cost of sales*
Material costs	128,202	58.1	119,930	62.8	112,828	58.8
Manufacturing overheads	20,185	9.1	18,072	9.5	22,400	11.7
Staff costs	44,559	20.2	37,341	19.5	42,275	22.0
Others	27,667	12.6	15,757	8.2	14,351	7.5
Total	220,613	100.0	191,100	100.0	191,854	100.0

Material costs

Material costs mainly represent our cost of raw paper and other costs of consumables and materials associated with manufacturing our products. For each of the three years ended 30 June 2017, the material costs amounted to approximately HK$128.2 million, HK$119.9 million and HK$112.8 million respectively, represented 58.1%, 62.8% and 58.8% of the total cost of sales.

During the Track Record Period, the material costs reduced from approximately HK$128.2 million for the year ended 30 June 2015 to approximately HK$119.9 million for the year ended 30 June 2016. The decrease in material costs was mainly due to the material costs used for booklet printing service is lower than that of packaging printing service. Our Group has spent more production capacity on booklet printing, which is in line with our increase in booklet printing service revenue during the year ended 30 June 2016 and hence our overall material costs decreased. The material costs decreased from approximately HK$119.9 million for the year ended 30 June 2016 to approximately HK$112.8 million for the year ended 30 June 2017, as the plant and workers run more efficiently and hence less material costs were consumed.

Manufacturing overheads

Manufacturing overheads mainly represent utilities costs, depreciations expenses and repair and maintenance costs. For each of the three years ended 30 June 2017, the manufacturing overheads amounted to approximately HK$20.2 million, HK$18.1 million and HK$22.4 million respectively, represented 9.1%, 9.5% and 11.7% of the total cost of sales.

During the Track Record Period, the manufacturing overheads has decreased from approximately HK$20.2 million for the year ended 30 June 2015 to approximately HK$18.1 million for the year ended 30 June 2016. Our Group purchased additional plant and machinery for the amount of approximately HK$16.8 million, during the year ended 30 June 2015. The increase in capital expenditure improved the efficiency, which requires less repair and maintenance as well as utilities costs (e.g. electricity and water). Therefore, the manufacturing overheads during the year ended 30 June 2016 has been decreased. The manufacturing overheads increased from approximately HK$18.1 million for the year ended 30 June 2016 to approximately HK$22.4 million for the year ended 30 June 2017. The increase in manufacturing overheads is mainly due to the sales growth during the year by approximately 4%.

Staff costs

Staff costs represent compensation and benefits provided to employees who are involved in the manufacturing of our products. For each of the three years ended 30 June 2017, the direct staff costs amounted to approximately HK$44.6 million, HK$37.3 million and HK$42.3 million respectively, represented 20.2%, 19.5% and 22.0% of the total cost of sales.

The staff costs has decreased slightly from approximately HK$44.6 million for the year ended 30 June 2015 to approximately HK$37.3 million for the year ended 30 June 2016. The decrease in staff costs was mainly due to the Group has purchased additional plant and machinery during the three years ended 30 June 2016 and requires less staff for production.

The staff costs increased from approximately HK$37.3 million for the year ended 30 June 2016 to approximately HK$42.3 million for the year ended 30 June 2017. The increase is mainly due to the increase in the minimum wage rate in China since April 2017.

Others

Other costs mainly represent (i) product design charges and development costs; and (ii) repair and maintenance expenses related to our machineries. For each of the three years ended 30 June 2017, the other costs amount to approximately HK$27.7 million, HK$15.8 million and HK$14.4 million respectively, represented 12.6%, 8.2% and 7.5% of the total cost of sales. The material decrease in other costs was mainly due to the Group incurred the product development costs including one-off product safety and quality testing, system setup and design costs of approximately HK$10.5 for booklet printing services during the year ended 30 June 2015 in order to handle increased orders from booklet printing during the year ended 30 June 2016 and 2017. The other costs maintained at relatively stable level of for the year ended 30 June 2016 and 2017.

Sensitivity analysis

The following sensitivity analysis table illustrates the impacts of hypothetical changes of the profit before tax in relation to the percentage changes to (i) material costs; (ii) manufacturing overheads; and (iii) staff costs assuming all other factors remain unchanged, based on the historical fluctuations of the total cost of sales during the Track Record Period.

	Impact on profit before tax		
	For the year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Material costs increase/ decrease by:			
+10%	(12,820)	(11,993)	(11,283)
+5%	(6,410)	(5,997)	(5,641)
–5%	6,410	5,997	5,641
–10%	12,820	11,993	11,283

	Impact on profit before tax For the year ended 30 June		
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Manufacturing overheads increase/decrease by:			
+28%	(5,652)	(5,060)	(6,272)
+11%	(2,220)	(1,988)	(2,464)
–11%	2,220	1,988	2,464
–28%	5,652	5,060	6,272
Staff costs increase/decrease by:			
+16%	(7,129)	(5,975)	(6,764)
+1%	(446)	(373)	(423)
–1%	446	373	423
–16%	7,129	5,975	6,764

Gross profit and gross profit margin

During the Track Record Period, gross profit and gross margin of our Group are summarised below:

	Year ended 30 June					
	2015		2016		2017	
	HKD'000	*Gross Profit Margin %*	*HKD'000*	*Gross Profit Margin %*	*HKD'000*	*Gross Profit Margin %*
Revenue	289,413		291,207		302,987	
Cost of sales	(220,613)		(191,100)		(191,854)	
Gross Profit	68,800	23.8	100,107	34.4	111,133	36.7

Gross profit is calculated based on our revenue for the year minus cost of sales for the year. Gross profit margin is calculated based on the gross profit margin for the year divided by our revenue for the year and multiplied by 100%. Our gross profit margin for each of the three years ended 30 June 2017 amounted to approximately HK$68.8 million, HK$100.1 million and HK$111.1 million respectively, representing gross profit margin ratio of 23.8%, 34.4% and 36.7% respectively.

During the Track Record Period, the gross profit increased from approximately HK$68.8 million for the year ended 30 June 2015 to approximately HK$100.1 million for the year ended 30 June 2016 and further improved to approximately HK$111.1 million. The gross profit ratio increased from approximately 23.8% for the year ended 30 June 2015 to approximately 34.4% for the year ended 30 June 2016 and further improved to approximately 36.7% for the year ended 30 June 2017. The improvement in gross profit margin of our Group for the year ended 30 June 2016 of 34.4% and for the year ended 30 June 2017 of 36.7% as compared to the year ended 30 June 2015 of 23.8% was mainly due to the change in product mix during the year ended 30 June 2016 and for the year ended 30 June 2017. The packaging printing service revenue as a percentage to the total revenue has dropped from approximately 70.0% for the year ended 30 June 2015 to approximately 61.3% for the year ended 30 June 2016 and to approximately 60.8% for the year ended 30 June 2017, while booklet printing service revenue as a percentage to total revenue has increased from approximately 18.7% for the year ended 30 June 2015 to approximately 26.9% for the year ended 30 June 2016 and to approximately 28.0% for the year ended 30 June 2017. The increase in booklet printing service revenue for the year ended 30 June 2016 was mainly due to both Customer D and The Marketing Store Worldwide L.P. used more such service for that period. As the average material cost to selling price per unit is approximately 26.1% for booklet printing service and 46.6% for packaging printing service, the increase in percentage to total revenue of booklet printing service for the year ended 30 June 2016 and for the year ended 30 June 2017 improved our overall gross profit margin. In addition, Our Group has purchased additional machinery and requires less staff for production due to change in product mix with the increase in booklet printing service which requires less labours in production. This is consistent with the reduction of labour cost recorded in cost of sales from approximately HK$44.6 million for the year ended 30 June 2015 to approximately HK$37.3 million for the year ended 30 June 2016, which is also in line with the decrease in the average number of production employees from 857 during the year ended 30 June 2015 to 763 during the year ended 30 June 2016. The gross profit margin has further improved from approximately 34.4% for the year ended 30 June 2016 to approximately 36.7% for the year ended 30 June 2017. As mentioned above, the improvement in gross profit margin is mainly due to the higher increase in booklet printing service revenue as compared to packaging printing service during the year ended 30 June 2017, which is in line with the increase in revenue of approximately 8.2% of booklet printing service for the year ended 30 June 2017 as compared to preceding year and increase in revenue of approximately 3.2% of packaging printing service for the year ended 30 June 2017 as compared to the year ended 30 June 2016.

According to Frost & Sullivan report, in general, the gross profit margin for printing services ranged from 15% to 20%, while the gross profit margin for trading business ranged from 5% to 10%. Our Directors believe that there are several reasons that support our gross profit margin is able to be higher than some of our competitors in the industry:

— Single business versus mixed business: all our revenue is generated from printing services provided while other companies in the industry may generate part of their revenue from other business lines such as trading business with relatively lower gross profit margin than that of printing service business;

— Higher labour efficiency: automation with purchasing additional machinery thereby requiring less staff for production due to change in product mix enables us to have a higher gross profit margin as compared to other companies in our industry; and

— Customers with renowned brands: our customers mainly consist of renowned brands group in Hong Kong, USA and Europe. Our Directors believe that these customers have relatively more stringent quality control over the customers from the PRC in general, and hence they are willing to pay for a premium to suppliers who can achieve a higher standard.

Our Directors believe that we can maintain our relatively higher gross profit margin in the foreseeable future mainly due to the following factors:

— We have established a long-term business relationship with our major customers (some of which had business relationships with us for over ten years as at the Latest Practicable Date). In order to be qualified as a supplier of certain customers, we have to satisfy their stringent quality control and certifications rather than simply competing on price and operating scale and that cannot be easily replicated by other printing companies; and

— During the Track Record Period, the combined orders from both Customer D and The Marketing Store Worldwide L.P. were on an upward trend. The increase for the year ended 30 June 2017 was mainly due to the increasing demand for booklet printing service as a result of, as per our Directors' best knowledge, a global reading programme carried out by an established corporation operating and franchising restaurants. Such global reading programme is a programme where a booklet is provided with every certain meal purchased in order to encourage children's reading habit and to provide an opportunity for lower-income family's children to have access to books. As this is a global programme, a high quality is required for the use of materials on printing the booklets for children's safety. Given our qualifications and our established relationship with Customer D and The Marketing Store Worldwide L.P., our Directors believe that they will continue to source from us which will contribute to our higher gross profit margin in the foreseeable future.

Other income

The following table sets forth the breakdown of our Group's other income during the Track Record Period:

	Year ended 30 June					
	2015		**2016**		**2017**	
	HKD'000	*%*	*HKD'000*	*%*	*HKD'000*	*%*
Interest income	877	90.8	450	91.3	283	80.9
Others	89	9.2	43	8.7	67	19.1
Total	966	100	493	100	350	100

Other income mainly consists of bank interest income, representing 90.8%, 91.3% and 80.9% of the total other income for the three years ended 30 June 2017 respectively. Our other income was approximately HK$1.0 million, HK$0.5 million and HK$0.4 million for the three years ended 30 June 2017 respectively.

Selling and distribution expenses

The following table sets out the selling and distribution expenses by nature during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	HKD'000	%	*HKD'000*	%	*HKD'000*	%
Salary	915	22.6	1,065	25.8	1,352	32.0
Transportation and delivery	2,316	57.1	2,323	56.2	2,098	49.8
Others	822	20.3	742	18.0	766	18.2
Total	4,053	100.0	4,130	100.0	4,216	100.0

The selling and distribution expenses mainly consists of salary and freight charges. Our selling and distribution expenses were approximately HK$4.1 million, HK$4.1 million and HK$4.2 million for the three years ended 30 June 2017 respectively.

The selling and distribution expenses for the three years ended 30 June 2017 were relatively stable and maintained at approximately HK$4.0 million.

Administrative expenses

The following table sets out the administrative expenses by nature during the Track Record Period:

	Year ended 30 June					
	2015		2016		2017	
	HKD'000	%	*HKD'000*	%	*HKD'000*	%
Salary and Commission	25,931	58.6	24,535	55.6	24,091	51.1
Rent and rates	2,036	4.6	2,063	4.7	1,724	3.7
Transportation and entertainment	7,229	16.3	7,977	18.1	7,310	15.5
Depreciation	992	2.2	1,293	2.9	1,364	2.9
Others	8,063	18.3	8,243	18.7	12,631	26.8
Total	44,251	100.0	44,111	100.0	47,120	100.0

The administrative expenses mainly consists of salary and commission, rent and rates, transportation and entertainment and depreciation expenses. The administrative expenses for the three years ended 30 June 2017 was approximately HK$44.3 million, HK$44.1 million and HK$47.1 million respectively. The administrative expenses for the year ended 30 June 2016 was approximately HK$44.1 million and increased to approximately HK$47.1 million for the year ended 30 June 2017, primarily attributable to the professional fees incurred.

Income tax expense

Income tax represents income tax paid or payable by us, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction our Group operates. We had no tax payable in other jurisdictions other than Hong Kong and the PRC during the Track Record Period. Our operations in Hong Kong are subject to a statutory profit tax rate of 16.5%. Our operations in the PRC are subject to an enterprise income tax rate of 25.0%.

Our Group's effective tax rate, calculated as our income tax for the corresponding year divided by our profit before taxation for the year, was approximately 21.6%, 18.9% and 23.2% for the three years ended 30 June 2017 respectively. The increase in effective tax rate increased to 23.2% for the year ended 30 June 2017 mainly due to the listing expenses of HK$12.1 million incurred during the year, which is non-tax deductible. If we exclude the listing expenses effect, the effective tax rates are relatively stable during the track record period.

The following tax movements during the Track Record Period explain the material differences among tax charges, payments and tax payable balances:

Financial year ended	Opening balance Payable/ (Recoverable) *(HK$'M)*	Hong Kong Tax Provision for the year(1) *(HK$'M)*	PRC Tax Provision for the year(2) *(HK$'M)*	Hong Kong Tax Refund/ (Payment)(1) *(HK$'M)*	PRC Refund/ (Payment)(2) *(HK$'M)*	Exchange difference *(HK$'M)*	Closing balance Payable/ (Recoverable) *(HK$'M)*
FY2015	4.9	1.8	3.1	(3.3)	(0.7)	0.1	5.9
FY2016	5.9	7.6	2.4	(1.2)	(1.0)	0.0	13.7
FY2017	13.7	9.5	1.3	(2.6)	(1.4)	(0.2)	20.3

(1) Hong Kong Tax Provision

In Hong Kong, the profits tax payable for a year of assessment (''YOA'') is generally settled in two components, namely (i) provisional tax payable when the assessment for the preceding YOA was issued (''Provisional Tax Payable'') and (ii) the balance of final tax payable when the final tax assessment for that YOA is issued by Inland Revenue Department (''IRD'') (collectively, the ''Balance Tax Payable''). In general, for companies with financial year ending 30 June, there will be timing difference on receiving the final tax assessment and the notice for provisional tax payment in the coming financial year. Therefore, the differences between the tax provision made and tax payment (i) for the year ended 30 June 2015 were mainly due to timing differences and audit adjustments relating to sales and purchases cut-off and under provision of certain expenses and (ii) for the two years ended 30 June 2017 were due to timing differences.

For the year ended 30 June 2015 (YOA 2015/16), the Hong Kong tax provision was approximately HK$1.8 million and the HK$3.3 million tax paid during the year ended 30 June 2015 represented HK$0.3 million tax refund related to YOA 2013/14 and provisional tax payment of HK$3.6 million related to YOA 2014/15. The total tax paid of HK$1.2 million during the year ended 30 June 2016 represented tax refund of HK$1.2 million related to YOA 2014/15 and provisional tax payment of HK$2.4 million related to YOA 2015/16. 'The total tax settled related to YOA 2015/16 was approximately HK$2.5 million. (HK$2.4 million as mentioned and HK$0.1

million settled during the year ended 30 June 2017 respectively due to timing differences of companies with financial year ending 30 June). The difference of approximately HK$0.7 million was due to the fact that the IRD came up with the assessed amount of approximately HK$2.5 million in previous years based on the financial statements audited by the previous auditor. This difference has been offset against the cumulative profit tax underpaid for the years of assessment prior to YOA2015/16 of approximately HK$0.8 million. The profits tax overpaid of HK$0.7 million for the YOA2015/16 and the cumulative profits tax underpaid of HK$0.8 million for the years of assessment prior to YOA2015/16 were finalised with the IRD in the final tax assessment for the YOA2016/17. The independent tax consultant is of the view that the above tax filing basis is in accordance with the general practice of the IRD and that the risk of penalty for having filed incorrect profits tax returns for prior years is not probable.

(2) PRC Tax Provision

For the PRC operation, Tung Pak has agreed with the local tax authority for all the tax payments during the years ended 31 December 2015 and 2016 based on the local audited statutory financial statements. For the year ended 31 December 2017, the annual corporate income tax reporting to the local tax authority has not yet been completed and the amount is pending for tax authority's final confirmation. For the purpose of Listing, the Reporting Accountant has been engaged and identified the difference between the tax provision and the tax payment for each of the two years ended 30 June 2016, which was mainly due to the impact of 25% CIT effect on the following audit adjustments (i) inventory absorption costing method employed by the Group (resulting in an increase of profit before tax); (ii) cutoff error adjustment on the timing of Tung Pak's sales and purchase (resulting in an increase of profit before tax); and (iii) adjustments on misstatement of salaries expenses.

Taxation in Hong Kong and the PRC

Although our Group's production is conducted in the PRC, substantial portion of our income tax was arising from Hong Kong. The reason is Tung Pak only performed the production work in the PRC as a contract manufacturer role. All other operating procedures (such as preparation of quotation to customers, product design, production planning etc) are performed by the Group's subsidiaries in Hong Kong.

The PRC tax charge for the year ended 30 June 2016 decreased by HK$0.8 million was a result of (i) the decrease in operation profit as a result of the intra-group transaction price adjustment to the Group's PRC subsidiary and Hong Kong subsidiaries, which is in accordance with the arm's length principle during the year ended 30 June 2016, resulted in a lower profit in the PRC and higher profit in Hong Kong; and (ii) the depreciation of RMB against Hong Kong dollar. The PRC tax charge for the year ended 30 June 2017 further decreased by HK$1.0 million as a result of (i) decrease in operation profit as a result of the increase in staff costs due to increase in monthly minimum wage came into effect on 1 April 2017; and (ii) the depreciation of RMB against Hong Kong dollar.

The Group's has applied transfer pricing arrangement and fulfilled the transfer pricing requirements in the PRC. As such, the Hong Kong income tax charged increased by approximately HK$5.7 million and HK$1.9 million for the two years ended 30 June 2017 respectively as a result of such intra-group transaction price adjustment, which increased the profit in Hong Kong. Please referred to the section ''Business — Transfer pricing'' for further details.

For the Track Record Period, the financial information of Tung Pak according to its statutory financial statements was different from its financial information included in the Accountants' Report set forth in Appendix I to this prospectus as a result of certain adjustments made to the statutory financial statements of Tung Pak. For those adjustments in relation to Tung Pak, our Group's management conducted two face-to-face meetings with the deputy chief (副科長) of the Shenzhen Longgang Local Taxation Bureau Management Forth Division* (深圳市龍崗區地方稅務局管理四科) on 2 August 2017 and 25 August 2017 respectively. During the meetings, we have verbally notified the deputy chief as to our audit adjustments on Tung Pak and started the self-inspection reporting procedures for the three years ended 31 December 2014, 2015 and 2016.

The deputy chief was of the view that, the tax authority need to consider the following to decide if Tung Pak is required to pay back the underpaid tax amount related to the adjustments (1) the difference between the audit financial year of Tung Pak, which is from 1 July to 30 June, and the financial year under the relevant PRC tax law, which is from 1 January to 31 December; and (2) the difference between the accounting standards of the PRC and Hong Kong. Further the deputy chief stated that no conclusion has been made whether Tung Pak is required to pay back the underpaid tax amount related to the adjustments. However, during the two face-to-face interviews, the deputy chief was of the view that Tung Pak would not be subject to any tax penalty in practice as Tung Pak initiated self-inspection reporting procedure. The deputy chief also informed us to report the audit adjustments for the three years ended 30 June 2014, 2015 and 2016 to the China tax authority in the coming tax filing for the year ending 31 December 2017, namely from January to May 2018, instead of this current stage. As Tung Pak initiated the self-inspection reporting procedure and it is not the administrative action taken by the tax authority, as advised by our PRC legal advisers, the tax authority is not required to provide any proposed review period and action plan under relevant PRC tax law. Therefore, no agreement was reached as to any timetable or action to be carried out by our Group.

As advised by our PRC legal advisers, the deputy chief was in a position and had the authority to make the above statements.

In view of the tax matter relating to the above, our Group has engaged a PRC local tax consultant, namely 深圳市東榮稅務師事務所有限公司, to advise Tung Pak on the self-inspection procedures and process to China tax authority. Further, our Group has engaged the Tax Advisor to advise on the implications and likelihood on the surcharges and penalties on the self-inspection reporting procedures handled by our Group. According to Article 23 and Article 64 of the Law of the People's Republic of China on the Administration of Tax Collection (Revised in 2015) (Order of the President of the People's Republic of China [2015] No. 23) ("Order No. 23"), our Tax Advisor is of the view that there will be (i) a tax surcharge of RMB1.5 million for the underpaid corporate income tax in relation to the adjustments, such amount has already been provided for the year ended 30 June 2017 as set out in Appendix I to this prospectus and (ii) it is probable that Tung Pak can obtain a waiver of the tax penalty if Tung Pak performs a self-inspection reporting to the PRC tax authority. The maximum amount of tax penalty that may be imposed on the Group under the relevant tax rules in the PRC in the event that the wavier is not granted by the China tax authority is five times of the amount of taxes unpaid or underpaid, amounting to RMB10.3 million, RMB6.8 million and nil (there is no tax unpaid/underpaid for the year ended 30 June 2017) for the three years ended 30 June 2015, 2016 and 2017 respectively.

Under the circumstances that the underpaid corporate income tax and the surcharge so arising have already been provided for in the Accountants' Report and our Group has started the self-inspection reporting procedures which it is probable that Tung Pak can obtain a waiver of the tax penalty, our Group's management considers that our Group has no present obligation connecting to the tax penalty that will cause probable outflow of resources embodying economic benefits to our Group. Accordingly, no provision was made for the tax penalty amounts.

Further, our Controlling Shareholders have entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and penalties which may arise as a result of any taxation resulting from profits or gains earned, accrued or received, of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the paragraph headed "D. Other information — 3. Tax and other indemnities" in Appendix IV to this prospectus.

Apart from the surcharge as mentioned above, as advised by the PRC legal advisers, if a waiver of tax penalty is obtained, there are no other legal consequences.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year ended 30 June 2017 compared to year ended 30 June 2016

Revenue

Our revenue increased from approximately HK$291.2 million for the year ended 30 June 2016 to approximately HK$303.0 million for the year ended 30 June 2017, representing revenue growth of 4.0%. The increase was mainly due to the increase in revenue derived from packaging printing and booklet printing amounted to approximately HK$12.2 million, as a result of more purchase orders were received from Customer C and the Marketing Store Worldwide L.P. during the year ended 30 June 2017 as compared to last year.

Cost of sales

Our cost of sales slightly increased by approximately HK$0.8 million or 0.4% from approximately HK$191.1 million for the year ended 30 June 2016 to HK$191.9 million for the year ended 30 June 2017. The increase in cost of sales was primarily due to the increased staff costs as a result of the increased minimum wage rate in China.

Gross profit and gross profit margin

The gross profit increased from approximately HK$100.1 million for the year ended 30 June 2016 to approximately HK$111.1 million for the year ended 30 June 2017, mainly due to the increase in revenue of approximately HK$11.0 million. The gross profit margin maintained over 30% for the year ended 30 June 2016 and 2017.

Other income

Our other income remained relatively stable for both year ended 30 June 2016 and 2017 respectively, which are mainly interest income.

Administrative expenses

Administrative expenses increased from approximately HK$44.1 million for the year ended 30 June 2016 to approximately HK$47.1 million for the year ended 30 June 2017. The increase in administrative expenses was primarily attributable to the professional fees and expenses incurred during the year.

Selling and distribution expenses

Selling and distribution expenses increased by approximately HK$0.1 million from approximately HK$4.1 million for the year ended 30 June 2016 to approximately HK$4.2 million for the year ended 30 June 2017. The selling and distribution expenses was relatively stable.

Other operating income/expenses

The other operating income was approximately HK$1.0 million for the year ended 30 June 2016. The other operating income for the year ended 30 June 2016 was mainly due to the write-off of long-aged liabilities of approximately HK$0.6 million and an exchange gain of HK$0.4 million. No such write-off of long-aged liabilities were recorded for the year ended 30 June 2017.

Income tax expense

Income tax expenses increased by approximately HK$1.0 million from approximately HK$10.1 million for the year ended 30 June 2016 to approximately HK$11.1 million for the year ended 30 June 2017. The effective tax rate for the year ended 30 June 2016 and 2017 are 18.9% and 23.2% respectively. If we exclude the listing expenses, the effective tax rates for the two periods are relatively stable at 18.9% and 18.5% respectively.

Net profit and net profit margin

As a result of the foregoing, our net profit for the year ended 30 June 2017 has decreased from approximately HK$43.3 million for the year ended 30 June 2016 to approximately HK$36.8 million. Our net profit margin reduced from approximately 14.9% for the year ended 30 June 2016 to approximately 12.1% for the year ended 30 June 2017. The decrease in net profit was mainly due to the Listing expenses recorded during the year ended 30 June 2017.

Year ended 30 June 2016 compared to year ended 30 June 2015

Revenue

Our revenue increased from approximately HK$289.4 million for the year ended 30 June 2015 to approximately HK$291.2 million for the year ended 30 June 2016, representing revenue growth of approximately 0.6%. The slight increase in revenue amounted to approximately HK$1.8 million during the year ended 30 June 2016 was mainly due to a combined effect of (i) increase in revenue from booklet printing service of approximately HK$24.2 million, (ii) increase in revenue from card printing service of approximately HK$1.9 million and (iii) decrease in revenue from packaging printing service of approximately HK$24.2 million.

Cost of sales

Our cost of sales decreased by approximately HK$29.5 million or 13.4% from approximately HK$220.6 million for the year ended 30 June 2015 to approximately HK$191.1 million for the year ended 30 June 2016. The reduction in cost of sales during the year ended 30 June 2016 was primarily due to i) decrease in material costs of approximately HK$8.3 million, due to that our Group received increased orders from booklet printing service customers, which required lower material costs and ii) decrease in staff costs of approximately HK$7.2 million, as a result of improved efficiency for production.

Gross profit and gross profit margin

Our gross profit increased from approximately HK$68.8 million for the year ended 30 June 2015 to approximately HK$100.1 million for the year ended 30 June 2016, representing gross profit growth of approximately 45.5%. Our gross profit margin increased from approximately 23.8% for the year ended 30 June 2015 to approximately 34.4% for the year ended 30 June 2016. The improvement in gross profit and gross profit margin was mainly due to i) the change in product mix with the increase of booklet printing service, which accounted for a higher gross profit margin and lower material costs; ii) the Group has purchased additional plant and machinery during the three years ended 30 June 2016 and improved the effectiveness and efficiency which requires less staff for production; and iii) the one-off start-up costs in respect of product safety, engineering and design costs incurred during the year ended 30 June 2015 for our Group to expand its booklet printing business sector.

Other income

Other income decreased from approximately HK$1.0 million for the year ended 30 June 2015 to approximately HK$ 0.5 million for the year ended 30 June 2016. The decrease in other income was primarily due to less bank interest income received during the year ended 30 June 2016 of approximately HK$ 0.5 million.

Administrative expenses

Administrative expenses decreased slightly by HK$0.2 million from approximately HK$44.3 million for the year ended 30 June 2015 to approximately HK$44.1 million for the year ended 30 June 2016, mainly due to reduction in salary and commission of approximately HK$1.4 million as compared to last year.

Selling and distribution expenses

Selling and distribution expenses maintained at HK$4.1 million for the year ended 30 June 2015 and for the year ended 30 June 2016.

Other operating income/expenses

The other operating expenses of approximately HK$18,000 was recorded for the year ended 30 June 2015, while an other operating income of approximately HK$1.0 million was recorded for the year ended 30 June 2016. The other operating income principally represented the write-off of long-aged liabilities of approximately HK$0.6 million recorded during the year ended 30 June 2016.

Income tax expense

Income tax expenses increased by approximately HK$5.5 million from approximately HK$4.6 million for the year ended 30 June 2015 to approximately HK$10.1 million for the year ended 30 June 2016. The increase was primarily due to increase in profit before taxation of approximately HK$31.9 million as compared to last year.

Net profit and net profit margin

As a result of the foregoing, our net profit for the year ended 30 June 2016 has increased from approximately HK$16.8 million for the year ended 30 June 2015 to approximately HK$43.3 million. Our net profit margin has increased from approximately 5.8% for the year ended 30 June 2015 to approximately 14.9% for the year ended 30 June 2016. The increase was primarily due to the increase of our gross profit margin during the year ended 30 June 2016.

NET CURRENT ASSETS

The following table sets forth the breakdown of our Group's current assets and liabilities as at 30 June 2015, 30 June 2016, 30 June 2017 and 30 September 2017:

	As at 30 June			As at 30 September
	2015	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Current assets				
Inventories	26,000	30,208	16,457	15,868
Trade receivables	65,767	52,194	51,083	68,528
Prepayments, deposits and other receivables	6,623	7,820	12,501	12,786
Amount due from a director	47,765	56,678	—	—
Restricted cash	—	—	1,550	1,550
Cash and cash equivalents	25,851	58,174	56,318	57,365
	172,006	205,074	137,909	155,902
Current liabilities				
Trade payables	15,439	18,722	17,266	20,693
Accruals and other payables	29,989	24,454	18,768	20,287
Amounts due to directors	2,200	2,200	6,434	7,801
Tax payable	5,910	13,748	20,265	21,637
	53,538	59,124	62,733	70,418
Net current assets	118,468	145,950	75,176	85,484

Our current assets primarily consisted of inventories, trade receivables, prepayments, deposits, other receivables, amount due from a director, restricted cash and cash and cash equivalents. Our current liabilities primarily consisted of trade payables, accruals, other payables, amounts due to directors and tax payable. Tax payable represents income tax payable by us, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction our Group operates. During the Track Record Period, we were not subject to any tax other than in Hong Kong and the PRC, and thus we had no tax payable in other jurisdictions other than Hong Kong and the PRC. The balance of tax payable as at 30 June 2015, 30 June 2016, 30 June 2017 and 31 July 2017 was approximately HK$5.9 million, HK$13.7 million, HK$20.3 million and HK$20.2 million respectively. The Directors confirm that no portion of the tax payable arising from the issued notices of profit tax assessment by the relevant tax authorities remains outstanding for more than a year.

Our net current assets as at 30 June 2015, 30 June 2016, 30 June 2017 and 30 September 2017 amounted to approximately HK$118.5 million, HK$146.0 million, HK$75.2 million and HK$85.5 million respectively.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

The following table sets out the carrying values of our property, plant and equipment as at 30 June 2015, 30 June 2016 and 30 June 2017:

	Leasehold improvements and buildings	Motor vehicles	Plant and machinery	Office equipment, furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2015	249	3,690	57,320	1,028	62,287
As at 30 June 2016	151	2,794	47,072	2,999	53,016
As at 30 June 2017	91	2,161	42,465	2,986	47,703

Our Group's property, plant and equipment are leasehold improvements and buildings, motor vehicles, plant and machinery, office equipment, furniture and fixtures. A majority of the property, plant and equipment are plant and machinery, which accounted for approximately 92.0%, 88.8% and 89.0% of the total property, plant and equipment as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively.

The carrying amount of our property, plant and equipment was approximately HK$62.3 million, HK$53.0 million and HK$47.7 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. Our property, plant and equipment decreased from approximately HK$62.3 million as at 30 June 2015 to approximately HK$53.0 million as at 30 June 2016. The balance decreased to approximately HK$47.7 million as at 30 June 2017. The reductions were primarily due to depreciation expense incurred during the years.

We purchased over 100 production machines and equipment to maintain our production capacity and keep track with the technological development. The estimated annual production capacity for the three years ended 30 June 2017 were approximately 44,176 working hours, 47,124 working hours and 47,938 working hours respectively. The actual annual working hours for the three years ended 30 June 2017 were approximately 46,006.5 working hours, 47,599.5 workings hours and 46,076.5 workings hours respectively. For further information in relation to production capacity, please refer to section headed "Business — Production capacity and utilisation rate" for discussion of production capacity during the Track Record Period.

Intangible asset

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Intangible asset	2,700	2,700	2,700

Our Group's intangible asset consists of marina club membership amounted to HK$2.7 million as at 30 June 2015, 30 June 2016 and 30 June 2017.

Inventories

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	8,360	8,661	5,805
Work-in-progress	7,047	14,779	6,652
Finished goods	10,593	6,768	4,000
Total	26,000	30,208	16,457

Our inventory balance was approximately HK$26.0 million as at 30 June 2015 and increased to approximately HK$30.2 million as at 30 June 2016. The increase in inventory balance was mainly due to the increasing demand for our products which more inventories were kept to maintain a stable supply to our Hong Kong and U.S. customers. This is in line with our increase in sales for the year ended 30 June 2016. The inventory balance dropped to approximately HK$16.5 million as at 30 June 2017 as the mid-autumn festival in 2017 falls in the month of October, while the mid-autumn festival in 2016 was in the month of September, customers deferred to place their orders and hence the inventory level is lowered in 2017 as compared to 2016.

The following table sets forth our average inventory turnover days for the periods indicated:

	For the year ended 30 June		
	2015	**2016**	**2017**
	(days)	*(days)*	*(days)*
Inventory turnover days *(Note)*	36.0	53.7	44.4

Note: Inventory turnover days equals average balance of inventory divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year divided by two.

Our inventory turnover days was 36.0 days, 53.7 days and 44.4 days for the three years ended 30 June 2017 respectively. The inventory turnover days for the year ended 30 June 2015 increased to 53.7 days for the year ended 30 June 2016. The increase in inventory turnover days was mainly due to the increasing demand of our products which more inventories were kept to maintain a stable supply to our Hong Kong and U.S. customers. The inventory turnover days dropped to approximately 44.4 days for the year ended 30 June 2017 as the mid-autumn festival in 2017 falls in the month of October, customers deferred to place their orders, and hence the inventory level is lowered.

For the inventory balance as at 30 June 2017, as at Latest Practicable Date, amounts of approximately HK$4.6 million, HK$6.7 million and HK$3.9 million were utilized for raw materials, work-in-progress and finished goods respectively, representing the utilization rate of approximately 92.0% of the total inventory balance as at 30 June 2017.

Trade receivables

The following table presents the breakdown of trade receivables as at the dates indicated:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	65,767	52,194	51,083

Our trade receivables represent amount receivables from customers for our products sold. The balance was approximately HK$65.8 million, HK$52.2 million and HK$51.1 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. The overall decrease in our trade receivables balance was primarily due to our Group's stringent credit policy as we closely monitored and followed up for overdue balances.

The following table sets forth the aging analysis of our net trade receivables presented based on the invoice date, as at the dates indicated:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	43,060	25,680	29,387
31 to 60 days	18,767	16,851	14,018
61 to 90 days	2,965	9,159	5,305
Over 90 days	975	504	2,373
Total	65,767	52,194	51,083

The credit period is generally 30 days, extending up to 90 days for major customers. Each customer has a maximum credit limit. We periodically monitor and review the credit conditions of our major customers as well as the ageing of our trade receivable and all overdue trade receivables are being followed up. In the event of evidence of impairment on trade receivables arises, such as a customer is experiencing significant financial difficulty or will likely enter into bankruptcy, we may provide allowance for the amounts that are considered not recoverable.

As at Latest Practicable Date, approximately HK$50.7 million or approximately 99.2% of our trade receivables as at 30 June 2017 had been settled. Of the trade receivables that had been outstanding for over 90 days as at 30 June 2017, all of them had been settled as at the Latest Practicable Date. The Directors consider that there has not been a significant change in credit quality of the trade receivables and there was no recent history of default and the balances are considered fully recoverable.

The following table sets forth our average trade receivable turnover days for the periods indicated:

	For the year ended 30 June		
	2015	**2016**	**2017**
	(days)	*(days)*	*(days)*
Trade receivables turnover days *(Note)*	87.6	73.9	62.2

Note: Trade receivables turnover days equals average balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year divided by two.

Our trade receivables turnover days was 87.6 days, 73.9 days and 62.2 days for the three years ended 30 June 2017 respectively. The overall decrease of our trade receivables turnover days was primarily because of the decrease of our trade receivables with closely monitoring and following-up for overdue balances. The trade receivables turnover days were within our credit period.

Prepayments, deposits and other receivables

The following is a breakdown of deposits, prepayments and other receivables as at the dates indicated:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	2,933	6,268	9,326
Deposits and other receivables	5,763	3,699	4,977
	8,696	9,967	14,303
Less: Non-current prepayments and deposits	(2,073)	(2,147)	(1,802)
Total	6,623	7,820	12,501

Our prepayments, deposits and other receivables mainly consist of prepayments for suppliers of production materials and rental deposits. The total balance as at 30 June 2015, 30 June 2016 and 30 June 2017 was approximately HK$6.6 million, HK$7.8 million and HK$12.5 million respectively. The increase in balance of approximately HK$4.7 million as at 30 June 2017 as compared to balance as at 30 June 2016 was mainly due to the increase in prepayment for Listing expenses.

Amount due from a director and amounts due to directors

The amount due from a director was approximately HK$47.8 million, HK$56.7 million and nil as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. These balances represent advance to a director, who is also one of our Controlling Shareholders and they are interest-free and have no fixed term of repayment.

The amounts due to directors, who are also our Controlling Shareholders was approximately HK$2.2 million, HK$2.2 million and HK$6.4 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. The significant increase in amount due to directors as at 30 June 2017 was mainly due to the dividends declared of HK$110.0 million during the year ended 30 June 2017. These balances are unsecured, interest-free and have no fixed term of repayment. These balances will be subsequently settled in full before Listing.

Cash and cash equivalents

Our cash and cash equivalents balances comprise cash held at bank, short term bank deposits with an original maturity of three months or less and wealth management products, The balances amounted to approximately HK$25.9 million, HK$58.2 million and HK$56.3 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. The wealth management products held as at 30 June 2015, 30 June 2016 and 30 June 2017 was approximately HK$8.8 million, HK$5.8 million and HK$5.6 million respectively. All of the principal and interest amounts of the wealth management products are guaranteed. The wealth management products are made with a credit worthy bank with no recent history of default.

Trade payables

The following table presents the breakdown of trade payables as at the dates indicated:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	15,439	18,722	17,266

Our trade payables mainly represented amounts payable to our suppliers for our purchases of materials to manufacture our products. The balance was approximately HK$15.4 million, HK$18.7 million and HK$17.3 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. The trade payables balance increased by approximately HK$3.3 million from approximately HK$15.4 million as at 30 June 2015 to approximately HK$18.7 million as at 30 June 2016 mainly due to the Group purchased materials for meeting the customers' orders for the mid-autumn festival in September 2016. The balance has slightly dropped to approximately HK$17.3 million as at 30 June 2017 from approximately HK$18.7 million as at 30 June 2016 as the customers deferred their orders as the mid-autumn festival falls in the month of October in 2017, hence less materials were purchased.

The following table sets forth the aging analysis of our net trade payables presented based on the invoice date, as at the dates indicated:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	9,305	9,746	9,140
31 to 60 days	3,135	7,205	6,857
61 to 90 days	1,739	1,572	1,010
Over 90 days	1,260	199	259
Total	15,439	18,722	17,266

Our suppliers normally grant us credit period within 30 to 90 days. As at Latest Practicable Date, approximately HK$17.0 million of our trade payables balance as at 30 June 2017 had been settled. Of the trade payables that had been outstanding for over 90 days as at 30 June 2017, approximately of HK$0.2 million of them had been settled as at Latest Practicable Date.

The following table sets forth our average trade payables turnover days for the periods indicated:

	For the year ended 30 June		
	2015	**2016**	**2017**
	(days)	*(days)*	*(days)*
Trade payables turnover days *(Note)*	30.6	32.6	34.2

Note: Trade payables turnover days equals average balance of trade payables divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Average balance is calculated as the sum of the beginning balance and ending balance for the relevant year divided by two.

Our trade payables turnover days was 30.6 days, 32.6 days and 34.2 days for the three years ended 30 June 2017 respectively. The trade payables turnover days for the three years ended 30 June 2017 were within the credit periods granted by our suppliers.

Accruals and other payables

The following table presents the breakdown of accruals and other payables as at the dates indicated:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Accruals	28,748	22,996	16,875
Other payables	1,241	1,458	1,893
Total	29,989	24,454	18,768

Accruals and other payables mainly represent the accrual for PRC staff costs and selling commission. The balance was approximately HK$30.0 million, HK$24.5 million and HK$18.8 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. Other payables are non-interest-bearing and there are generally no credit terms.

INDEBTEDNESS

For the purpose of this indebtedness statement, our Group had no outstanding bank borrowings during the three years ended 30 June 2017. As at 30 June 2015, 30 June 2016, 30 June 2017 and 30 September 2017, our Group had no outstanding bank borrowings. The Group had total available banking facility of approximately HK$1.6 million of which all of the banking facility was restricted and fully utilised as at 30 September 2017. The bank facility was related to bank guarantee upon request of one of our customers. For details, please refer to "Financial Information — Bank Guarantee".

We have not experienced any difficulty in obtaining bank borrowings to finance our operations during the Track Record Period. Our Directors confirmed we had not materially defaulted or delayed in payments of trade and non-trade payables and borrowings, and/or beaches of finance covenants during the Track Record Period and up the Latest Practicable Date.

BANK GUARANTEE

Upon the request of one of our customers, China IOE had maintained a bank guarantee of approximately HK$1.6 million, which was restricted and utilised, as at 30 September 2017.

SUMMARY OF KEY FINANCIAL RATIOS

		As at/For the year ended 30 June		
	Notes	**2015**	**2016**	**2017**
Gross profit margin	*1*	23.8%	34.4%	36.7%
Net profit margin	*2*	5.8%	14.9%	12.1%
Current ratio (times)	*3*	3.2	3.5	2.2
Quick ratio (times)	*4*	2.7	3.0	1.9
Return on equity	*5*	9.1%	21.2%	28.9
Return on total assets	*6*	7.0%	16.4%	19.3

Notes:

1. Gross profit margin equals gross profit for the year divided by revenue for the year.

2. Net profit margin equals net profit for the year divided by revenue for the year.

3. Current ratio is calculated by current assets over current liabilities as at the end of the respective year.

4. Quick ratio is calculated by current assets (excluding inventory) over current liabilities as at the end of the respective year.

5. Return on equity is calculated by profit for the year over total equity as at the end of the respective year.

6. Return on total assets is calculated by profit for the year over total assets at the end of the respective year.

Gross profit margin

Our gross profit margin for the three years ended 30 June 2017 were approximately 23.8%, 34.4% and 36.7%. For further information in relation to our gross profit margin, please refer to section headed ''Financial Information — Review of Historical Results of Operations'' for discussion of the factors affecting our gross profit margin during the Track Record Period.

Net profit margin

Our net profit margin for the three years ended 30 June 2017 were approximately 5.8%, 14.9% and 12.1%. For further information in relation to our gross profit margin, please refer to section headed ''Financial Information — Review of Historical Results of Operations'' for discussion of the factors affecting our net profit margin during the Track Record Period.

Current ratio

Our current ratio as at 30 June 2015, 30 June 2016 and 30 June 2017 was 3.2 times, 3.5 times and 2.2 times respectively. The current ratio improved to 3.5 times as at 30 June 2016, which was mainly due to increase in inventory balance of approximately HK$4.2 million and increase in cash and cash equivalents balance of approximately HK$32.3 million due to more stringent credit policy. The current ratio dropped to 2.2 times as at 30 June 2017. The reduction in current ratio was mainly due to the decrease in inventory balance of approximately HK$13.8 million as at 30 June 2017.

Quick ratio

Our quick ratio as at 30 June 2015, 30 June 2016 and 30 June 2017 was 2.7 times, 3.0 times and 1.9 times respectively. The quick ratio increased to 3.0 times as at 30 June 2016, which was mainly due to increase in cash balance of approximately HK$32.3 million due to more stringent credit policy. The quick ratio as at 30 June 2017 dropped to 1.9 times, which was mainly due to the decrease in inventory balance of approximately HK$13.8 million as at 30 June 2017.

Return on equity

Our return on equity for the three years ended 30 June 2017 was approximately 9.1%, 21.2% and 28.9% respectively. The increase from approximately 9.1% for the year ended 30 June 2015 to approximately 21.2% for the year ended 30 June 2016 was mainly due to significant increase in net profit for the year ended 30 June 2016 as compared to the year ended 30 June 2015 of approximately HK$26.5 million. The increase of return on equity to approximately 28.9% for the year ended 30 June 2017 was mainly due to the reduction of equity as a result of the declared and distributed dividend.

Return on total assets

Our return on total assets for the three years ended 30 June 2017 was approximately 7.0%, 16.4% and 19.3% respectively. The increase from approximately 7.0% for the year ended 30 June 2015 to approximately 16.4% for the year ended 30 June 2016 was mainly due to significant increase in net profit for the year ended 30 June 2016 as compared to the year ended 30 June 2015 of approximately HK$26.5 million and the increase in inventory balance of approximately HK$4.2 million as at 30 June 2016 and increase in cash and cash equivalents balance of approximately HK$32.3 million due to more stringent credit policy as at 30 June 2016. The increase of return on total assets to approximately 19.3% for the year ended 30 June 2017 was mainly due to the reduction of inventory balance of approximately HK$13.8 million.

Gearing ratio

The gearing ratio was not applicable for the three years ended 30 June 2017 as there was no debt as at 30 June 2015, 30 June 2016 and 30 June 2017.

Net debt to equity

The net debt to equity ratio was not applicable for the three years ended 30 June 2017 as there was no debt as at 30 June 2015, 30 June 2016 and 30 June 2017.

Interest coverage ratio

The interest coverage ratio was not applicable for the three years ended 30 June 2017 as there was no debt as at 30 June 2015, 30 June 2016 and 30 June 2017 and no interest was incurred during the three years ended 30 June 2017.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During Track Record Period, our primary uses of cash are for funding the operations of our projects, maintenance works, capital expenditure and other general working capital use. We have financed our operations mainly by cash flow generated from our operations. We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for our working capital and operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in settling our obligations in the normal course of business which would have had a material impact to our business, financial condition or results of operations.

After completion of the Share Offer, we expect our sources of funds will be a combination of operating cash flows, external financing and net proceeds from the Share offer.

Cash flows

The following table summarises selected cash flows data from our Consolidated Statements of cash flows for the Track Record Period:

	For the year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents at beginning of year	38,056	25,851	58,174
Net cash generated from operating activities	23,832	66,911	52,561
Net cash used in investing activities	(19,170)	(3,227)	(4,525)
Net cash used in financing activities	(16,700)	(30,281)	(49,068)
Cash and cash equivalent at the end of year	25,851	58,174	56,318

Operating activities

For the year ended 30 June 2015, our net cash generated from operating activities was approximately HK$23.8 million, primarily as a result of the combined effects of i) approximately HK$30.0 million operating cash flows before movements in working capital; ii) the increase in inventory of approximately HK$8.1 million; iii) decrease in trade receivables of approximately HK$7.4 million; iv) decrease in prepayments, deposits and other receivables of approximately HK$0.8 million; v) decrease in trade payables of approximately HK$6.1 million and vi) increase in other payables and accruals of approximately HK$4.0 million. This was partially offset by the income tax paid of approximately HK$4.0 million.

For the year ended 30 June 2016, our net cash generated from operating activities was approximately HK$66.9 million, primarily as a result of the combined effects of i) approximately HK$62.1 million operating cash flows before movements in working capital; ii) the increase in inventory of approximately HK$2.1 million; iii) decrease in trade receivables of approximately HK$13.6 million; iv) increase in prepayments, deposits and other receivables of approximately HK$0.7 million; v) increase in trade payables of approximately HK$3.0 million and vi) decrease in other payables and accruals of approximately HK$6.7 million. This was partially offset by the income tax paid of approximately HK$2.2 million.

For the year ended 30 June 2017, our net cash generated from operating activities was approximately HK$52.6 million, primarily as a result of the combined effects of i) approximately HK$55.9 million operating cash flows before movements in working capital; ii) the decrease in inventory of approximately HK$12.2 million; iii) decrease in trade receivables of approximately HK$1.1 million; iv) increase in prepayments, deposits and other receivables of approximately HK$4.6 million; v) decrease in trade payables of approximately HK$1.2 million; vi) decrease in other payables and accruals of approximately HK$5.1 million and vii) increase in restricted cash of approximately HK$1.6 million. This was partially offset by the income tax paid of approximately HK$4.0 million.

Investing activities

For the year ended 30 June 2015, the net cash used in investing activities was approximately HK$19.2 million. The net cash used was primarily attributable to the purchase of property, plant and equipment of approximately HK$20.3 million partially offset by i) interest received of approximately HK$0.9 million; and ii) proceeds from disposal of property, plant and equipment of approximately HK$0.2 million.

For the year ended 30 June 2016, the net cash used in investing activities was approximately HK$3.2 million. The net cash used was primarily attributable to the purchase of property, plant and equipment of approximately HK$5.1 million partially offset by i) interest received of approximately HK$0.5 million; and ii) proceeds from disposal of property, plant and equipment of approximately HK$1.4 million.

For the year ended 30 June 2017, the net cash used in investing activities was approximately HK$4.5 million. The net cash used was primarily attributable to the purchase of property, plant and equipment of approximately HK$4.8 million.

Financing activities

For the year ended 30 June 2015, the net cash used in financing activities was approximately HK$16.7 million. The net cash used in financing activities was primarily attributable to i) changes in balances with directors of approximately HK$3.3 million and ii) dividends paid of approximately HK$20.0 million.

For the year ended 30 June 2016, the net cash used in financing activities was approximately HK$30.3 million. The net cash used in financing activities was primarily attributable to i) changes in balances with directors of approximately HK$10.3 million and ii) dividends paid of approximately HK$20.0 million.

For the year ended 30 June 2017, the net cash used in financing activities was approximately HK$49.1 million. The net cash used in financing activities was solely due to changes in balances with directors of approximately HK$49.1 million.

CAPITAL EXPENDITURES

Our Group's capital expenditures primarily consisted of additions to property, plant and equipment. The following table sets forth details of our capital expenditures during the Track Record Period:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Capital expenditures	20,287	5,089	4,813

During the Track Record Period, our Group incurred capital expenditures of HK$20.3 million, HK$5.1 million and HK$4.8 million for the three years ended 30 June 2017, respectively. Majority of the capital expenditures was used to acquire plant and machinery and motor vehicles to support the expansion of the Group's business.

We expect to meet future capital expenditure requirements through our available bank balances and cash, cash generated from our expanding operations and bank borrowings, as well as net proceeds from the Share Offer.

COMMITMENTS

Capital commitments

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Contracted, but not provided for plant and machinery	261	968	616

Operating lease commitments

Our Group leases certain of its office properties and factory under operating lease arrangements with lease terms ranged from 1 to 3 years. As at 30 June 2015, 30 June 2016 and 30 June 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	2,656	7,401	9,503
After 1 year but within 5 years	1,920	12,951	5,130
	4,576	20,352	14,633

DIRECTORS' OPINION ON THE SUFFICIENCY OF OUR WORKING CAPITAL

Taking into account the financial resources available to us, including internally generated funds, available banking facilities, and the estimated net proceeds from the Share Offer, our Directors are of the opinion that we have sufficient working capital required for our operations at present and for at least the next 12 months from the date of the Prospectus.

FINANCIAL RISK MANAGEMENT

We are exposed to credit risk and liquidity risk. Further details on our financial risk management policies and practices are set out in Note 31 to the financial information in the Accountants' Report.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have any significant contingent liabilities.

OFF-BALANCE-SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, our Group had not entered into any material off-balance-sheet commitments and arrangements.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees and expenses incurred in connection with the Share Offer and the Listing. Our total listing expenses is estimated to be approximately HK$30.0 million, of which approximately HK$10.3 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of approximately HK$12.1 million has been reflected in the Consolidated Statements of profit and loss of our Group for the year ended 30 June 2017, and HK$7.6 million of additional listing expenses are expected to be recognised in the Consolidated Statements of profit and loss of our Group for the year ending 30 June 2018. We expect our results of operations for the year ending 30 June 2018 to be materially and adversely affected by the listing expenses incurred in the period.

Such listing expenses are a current estimate for reference only. The actual amounts to be recognized to the profit and loss of our Group or to be capitalized are subject to adjustments based on audit and changes in variables and assumptions.

SUBSEQUENT EVENTS

For significant events that took place subsequent to 30 June 2017, please refer to Note 32 to the Accountants' Report.

DIVIDEND

For the years ended 30 June 2015, 2016 and 2017, dividends declared and paid to the respective shareholders of members of our Group amounted to HK$20.0 million, HK$20.0 million and HK$110.0 million, respectively. After the completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. Our Directors are of the view that the amount of any dividends to be declared in the future will depend on, among others, our Group's results of operations, cash flows and financial conditions, operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong, the applicable laws and regulations and all other relevant factors.

Our Group currently does not have a policy for future dividend payments. The declaration of dividends is subject to the discretion of our Board and, the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Such intention does not amount to any guarantee or representation or indication that our Group must or will declare and pay dividend in such manner or declare and pay any dividend at all.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

DISTRIBUTABLE RESERVES

Our Company is a limited liability company incorporated in the Cayman Islands and is an investment holding company. There were no reserves available for distribution to the Shareholders as of the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to section headed ''Unaudited pro forma financial information'' in Appendix II to this document for details.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions set out in Note 28 of the Accountants' Report, our Directors believe that such transactions were conducted on normal commercial terms and such terms were no less favorable to our Group than terms available to Independent Third Parties and were fair and reasonable and in the interests of our Shareholders as a whole.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our Directors confirm that, as at 30 June 2017, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at 30 June 2017, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed that they have performed sufficient due diligence to ensure that as at the date of this prospectus and up the date of this prospectus saved as disclosed above, there has been no material adverse change in the financial and trading position or prospects of our Group since 30 June 2017, being the date to which the latest audited financial statements of our Group were made up. Our Directors consider that all information necessary for the investing public to make an informed judgment as to the business activities and financial position of our Group has been included in this prospectus.

NO DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

For a detailed description of our future plans, please refer to the section headed "Business — Business Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Share Offer, after deducting underwriting commissions and estimated expenses paid and payable by us in connection with the Share Offer and assuming that the Over-allotment Option is not exercised at all, to be approximately HK$120 million, assuming an Offer Price of HK$1.25 per Share, being the mid-point of the proposed Offer Price range of HK$1.05 to HK$1.45 per Offer Share. We intend to apply the net proceeds from the Share Offer as follows:

— approximately HK$78 million or approximately 65.0% of the net proceeds to purchase four presses (three offset presses and one digital press) to maintain and enhance our production capacity. We plan to spend such expenditures by stages within six years after the Listing;

— approximately HK$30 million or approximately 25.0% of the net proceeds to relocate our Shenzhen Factory. It is expected that the capital expenditure for refurbishing the new plant will be at approximately HK$25 million and the logistic expenses will be at approximately HK$5 million. We plan to spend such expenditure by stages for the year ending 30 June 2019 after the Listing;

— approximately HK$4 million or approximately 3.3% of the net proceeds to upgrade our enterprise resources planning (ERP) system. We plan to spend such expenditures by stages within two years after the Listing; and

— approximately HK$8 million or approximately 6.7% of the net proceeds for general working capital of our Group.

As at the Latest Practicable Date, we have not entered into any contracts giving rise to any capital commitment and we have not identified any potential acquisition target.

If the Offer Price is set at either the high-end or low-end of the proposed Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK$22.8 million, the allocation of which will be used in the same proportions as set out above.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK$19.3 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK$1.25 per Share, being the mid-point of the proposed Offer Price range of HK$1.05 to HK$1.45. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK$15.9 million. In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK$22.7 million, the allocation of which will be used in the same proportions as set out above.

To the extent that the net proceeds of the Share Offer which are not immediately applied for the above purposes, we currently intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as set out above.

THE CORNERSTONE INVESTMENT

On 27 October 2017, we have entered into a cornerstone investment agreement with Deputada Leong On Kei, Angela (“**Cornerstone Investor**” or “**Deputada Leong**”) and the Joint Lead Managers pursuant to which the Cornerstone Investor has agreed to subscribe for 24,000,000 Shares, representing 5% of our Shares in issue upon completion of the Share Offer (assuming the Over-allotment Option is not exercised (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme) or approximately 4.8% of our Shares in issue upon completion of the Share Offer (assuming the Over-allotment Option is exercised in full (without taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme)), approximately 22.2% of the total number of the Placing Shares before any reallocation and Over-allotment option is exercised, and approximately 20% of the total number of Offer Shares under the Share Offer before the Over-allotment Option is exercised.

Assuming an offer price of HK$1.05, HK$1.25 and HK$1.45, (being the minimum, mid-point and maximum of the indicative Offer Price range stated in this prospectus), the aggregate amount for the subscription of our Shares would be HK$25.2 million, HK$30 million and HK$34.8 million, respectively (assuming the Over-allotment Option is not exercised).

The Cornerstone Investment forms part of the Placing. The number of Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Shares between the Placing and the Public Offer in the event of over-subscription under the Public Offer as described in the paragraph headed “Structure and Conditions of the Share Offer — Basis of allocation of the Offer Shares” in this prospectus.

To the best knowledge of our Company, the Cornerstone Investor is an Independent Third Party and not an existing Shareholder and is independent of our Company, our connected persons and their respective associates. The Offer Shares to be subscribed for by the Cornerstone Investor will be counted towards the public float of our Company and will rank pari passu in all respects with the other fully paid Offer Shares then in issue and to be listed on the Stock Exchange. Immediately following the completion of the Share Offer, the Cornerstone Investor will not have any board representation in our Company, and will not become a Substantial Shareholder of our Company upon the Listing.

Other than the subscription pursuant to the cornerstone investment agreement, the Cornerstone Investor has agreed not to subscribe for any Offer Shares under the Share Offer. Details of the actual aggregate amount of shares subscribed by the Cornerstone Investor will be disclosed in the allotment results announcement to be issued by our Company on or around 15 November 2017.

THE CORNERSTONE INVESTOR

The information about the Cornerstone Investor set forth below has been provided by the Cornerstone Investor in connection with the Cornerstone Investment.

Cornerstone Investor

Deputada Leong is an executive director of SJM Holdings Limited (Stock code: 880), a company listed on the Main Board of the Stock Exchange which is principally engaged in the development and operation of casinos and related facilities in Macau. Deputada Leong is actively involved in public services in China, Hong Kong and Macau. She is a Standing Committee member of the Jiangxi Provincial Committee of Chinese People's Political Consultative Conference, and a vice-chairman of Jiangxi Federation of Returned Overseas Chinese; and a member of the Legislative Assembly of Macau. She is currently the president of the General Association of Administrators and Promoters for Macau Gaming Industry. Deputuda Leong was former chairman of Po Leung Kuk, and was awarded the Medal of Merit — Industry and Commerce by the Government of Macau in 2009, and the Bronze Bauhinia Star by the Government of Hong Kong in 2015.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

(a) the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been entered into, having become effective and unconditional by no later than the respective time and date specified therein, and not having been terminated, in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto);

(b) the Offer Price having been agreed between the Joint Lead Managers (for themselves and on behalf of the other Underwriters under the Share Offer) and the Company in connection with the Share Offer;

(c) the representations, warranties, acknowledgments and undertakings of the Cornerstone Investor being true and accurate in all material respects and not misleading and there having been no material breach of this Agreement on the part of the Cornerstone Investor;

(d) the Listing Committee of the Stock Exchange having granted or agreed to grant the approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and such approval or permission not having been revoked; and

(e) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the closing of the subscription pursuant to the terms of the cornerstone agreement and there having been no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of such closing.

RESTRICTIONS ON DISPOSAL BY CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that, without the prior written consent of the Company and the Joint Lead Managers, she will not at any time during the period of six months following the Listing Date dispose of any of the Shares to be subscribed for by her pursuant to the cornerstone investment agreement.

UNDERWRITERS

Public Offer Underwriters

Great Roc Capital Securities Limited

Kingsway Financial Services Group Limited

Oceanwide Securities Company Limited

KGI Capital Asia Limited

JOINT BOOKRUNNERS

Great Roc Capital Securities Limited

Kingsway Financial Services Group Limited

JOINT LEAD MANAGERS

Great Roc Capital Securities Limited

Kingsway Financial Services Group Limited

CO-MANAGERS

Oceanwide Securities Company Limited

KGI Capital Asia Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription of 12,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which it shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Committee granting Listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date (the "**Termination Time**") if:

(i) there shall develop, occur, exist or come into effect:

(a) any change or prospective change (whether or not permanent) in the business or in the financial or trading position of our Group; or

(b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, BVI, Cayman Islands or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the "**Relevant Jurisdictions**"); or

(c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or

(d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or

(e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or

(f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or

(g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or

(h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

(j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

(k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or

(m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or

(o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or

(p) non-compliance of any of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or

(q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or

(r) any loss or damage sustained by any member of our Group; or

(s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or

(t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or

(u) the chairman or president of our Company vacating his office; or

(v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or

(w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof;

which in the sole and absolute opinion of the Joint Lead Managers:

(a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or

(b) has or will or may have a material adverse effect on the success of the Public Offer, the Placing and/or the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

(c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this prospectus; or

(ii) the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:

(a) any of the warranties given by our Company, Controlling Shareholders and executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Joint Lead Managers (in their sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect;

(b) any statement contained in this prospectus or the Application Forms was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute a material omission therefrom as determined by the Sponsor (in their sole and absolute discretion), or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by our Company in connection with the

Public Offer (including any supplemental or amendment thereto) are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(c) there has been a material breach on the part of any of our Company, Controlling Shareholders and executive Director of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by the Joint Lead Managers (in their sole and absolute discretion).

Lock-up undertakings to the Public Offer Underwriters

Undertakings by our Company

Our Company has undertaken to the Sponsor, the Joint Lead Managers and the Public Offer Underwriters that our Company shall, and each of our Controlling Shareholders has undertaken to the Sponsor, the Joint Lead Managers and the Public Offer Underwriters to procure our Company that:

(a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to the Over-allotment Option or share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-month Period**");

(b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to the Over-allotment Option or share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;

(c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**") do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules);

(d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has represented, warranted and undertaken to the Sponsor, the Joint Lead Managers, the Public Offer Underwriters and our Company that (except as pursuant to the Capitalisation Issue, the Share Offer (including pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Stock Borrowing Agreement):

(a) he or it shall not, without the prior written consent of the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), directly or indirectly, and shall procure that none of his or its close associates or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, during the First Six month Period, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or

(b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under notes (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sponsor, the Joint Lead Managers, the Public Offer Underwriters and our Company that within the First Six-month Period and the Second Six-month Period he or it shall:

(a) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or it (or any beneficial interest therein), immediately inform our Company, the Sponsor and the Joint Lead Managers in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sponsor and the Joint Lead Managers in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Lock-up undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer and the Over-allotment Option and the lending of any Shares pursuant to the Stock Borrowing Agreement or unless in compliance with the requirements of the Listing Rules, it or he shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of its or his shareholding in our Company is made in the prospectus and ending on the date which is six months from the Listing Date, 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 or other securities of our Company in respect of which it or he is shown by this prospectus to be the beneficial owner; and (ii) at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that it or he will, within a period of commencing on the date by reference to which disclosure of its or his shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of:

(a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favor of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, and the number of such Shares or other securities of our Company so pledged or charged; and

(b) when it or he or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement 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 pursuant to the Share Offer (including the exercise of the Over-allotment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and Controlling Shareholders will enter into the Placing Underwriting Agreement with the Sponsor, the Joint Lead Managers, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to agree to procure subscribers and purchasers to subscribe for or purchase, or failing which it shall subscribe for or purchase, the 108,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the section headed "Lock-up undertakings to the Public Offer Underwriters" above in this section.

Our Company is expected to grant to the Placing Underwriters the Over-allotment Option exercisable by the Joint Lead Managers, for themselves and on behalf of the Placing Underwriters, from the Listing Date until 30 days after the last day for lodging applications under the Public Offer, to require our Company to allot and issue up to an aggregate of 18,000,000 additional Shares, representing 15% of the initial Offer Shares, at the Offer Price under the Placing, to cover over-allocations in the Placing and/or the obligation of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement.

Commission and expenses

The Public Offer Underwriters will receive underwriting commissions of 3.5% of the aggregate Offer Price payable for the Public Offer Shares in accordance with the terms of the Public Offer Underwriting Agreement, out of which the Underwriters may pay any sub-underwriting commission in connection with the Share Offer. The Placing Underwriters are expected to receive an underwriting commission on the aggregate Offer Price payable for the Placing Shares.

Based on the Offer Price of HK$1.25 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commissions and fees payable to the Underwriters, together with Stock Exchange Listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK$30.0 million in total (assuming the Over-allotment Option is not exercised) and are payable by our Company.

SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a documentation fee. The Joint Lead Managers and the Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the section headed "Commission and expenses" above.

We have appointed Kingsway Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Share Offer.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or before Friday, 10 November 2017.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK$1.45 per Offer Share and is expected to be not less than HK$1.05 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.sunhingprinting.com** notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.sunhingprinting.com** of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before 5:00 p.m. on Friday, 10 November 2017 the Share Offer will not proceed and will lapse.

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on Wednesday, 15 November 2017.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$1.45 per Offer Share and is expected to be not less than HK$1.05 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK$1.45 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK$5,858.45 per board lot of 4,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK$1.25 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed "How to Apply for Public Offer Shares" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the Listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such Listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the section headed "How to Apply for Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 120,000,000 Offer Shares (subject to Over-allotment Option) will be made available under the Share Offer, of which 108,000,000 Placing Shares (subject to reallocation and the Over-allotment Option), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 12,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed ''Underwriting'' in this prospectus.

Investors may apply for Offers Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 108,000,000 Placing Shares (subject to reallocation and the Over-allotment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriters or selling agents nominated by it, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the section headed "Conditions of the Share Offer" of this section.

The Public Offer

Our Company is initially offering 12,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong as well as institutional and professional investors under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK$1.45 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected.

For allocation purposes only, the number of the Public Offer Shares will be divided equally into two pools: 6,000,000 Shares in pool A and 6,000,000 Shares in pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) and up to the value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pool is under-subscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 100% of the Public Offer Shares initially available under pool A or pool B will be rejected.

Multiple applications or suspected multiple application and any application made for more than 50% of Shares initially comprised in the Public Offer (i.e. 6,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

(a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 36,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

(b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 48,000,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and

(c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Lead Managers.

OVER-ALLOTMENT OPTION

Our Company is expected to grant to the Placing Underwriters the Over-allotment Option, exercisable by the Joint Lead Managers at any time from the Listing Date until 30 days after the last day for lodging applications under the Public Offer to cover over-allocations in the Placing and/or the obligation of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement. Pursuant to the Over-allotment Option, our Company may be required to allot and issue up to 18,000,000 additional new Shares, representing 15% of the number of Offer Shares initially available under the Share Offer, at the Offer Price.

If the Over-allotment Option is exercised in full, the additional 18,000,000 Shares will represent approximately 3.61% of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise in full of the Over-allotment Option.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial offer prices of the securities. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Share Offer, Great Roc Capital Securities Limited, as the stabilising manager or its authorised agents, may, but is not obliged to, over-allocate Shares and/or effect any other transactions with a view to stabilising or supporting the market price of our Shares at a level higher than which might otherwise prevail in the open market, for a limited period. Such stabilising activity may include stock borrowing, making market purchases of Shares in the secondary market or selling Shares to liquidate a position held as a result of those purchases, as well as exercising the Over-allotment Option. Any such stabilising activity will be effected in compliance with all applicable laws, rules and regulatory requirements in Hong Kong on stabilisation including the Securities and Futures (Price Stabilising) Rules made under the SFO.

However, there is no obligation on the Stabilising Manager or its authorised agents to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager or its authorised agents and may be discontinued at any time. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 18,000,000 Shares, which is 15% of the number of Shares initially available under the Share Offer.

As a result of effecting transactions to stabilise or maintain the market price of our Shares, the Stabilising Manager or its authorised agents may maintain a long position in our Shares. The size of the long position, and the period for which the Stabilising Manager or its authorised agents will maintain the long position is at the discretion of the Stabilising Manager or its authorised agents and is uncertain. In the event that the Stabilising Manager or its authorised agents liquidate this long position by making sales in the open market, this may lead to a decline in the market price of our Shares.

Stabilising activity by the Stabilising Manager or its authorised agents is not permitted to support the price of our Shares for longer than the stabilising period, which begins on the day on which trading of our Shares commences on the Stock Exchange and ends on the 30th day from the last day for lodging applications under the Share Offer. The stabilising period is expected to end on Saturday, 9 December 2017.

Any stabilising activity taken by the Stabilising Manager or its authorised agents may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of our Shares by the Stabilising Manager or its authorised agents may be made at a price at or below the Offer Price and therefore at or below the price paid for our Shares by investors.

In order to facilitate the settlement of over-allocations, the Stabilising Manager or its authorised agents may, among other means, purchase Shares in the secondary market, enter into stock borrowing arrangements with holders of Shares, exercise the Over-allotment Option, engage a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations.

STOCK BORROWING AGREEMENT

The Stabilising Manager, as stabilising manager or its authorised agents may borrow up to 18,000,000 Shares from Goody Luck, equivalent to the maximum number of additional Shares to offered upon full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Lead Managers may accept it at its discretion and on any conditions it thinks 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** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of shares in our Company and/or any our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- an associate of any of the above; and
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 2 November 2017 to 12:00 noon on Thursday, 9 November 2017 from:

(i) the office of the following Public offer Underwriters:

Great Roc Capital Securities Limited
Suite 1601–1603, 16/F,
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Central, Hong Kong

Kingsway Financial Services Group Limited
7/F, Tower One
Lippo Centre
89 Queensway
Hong Kong

(ii) any of the following branches of Bank of China (Hong Kong) Limited, the receiving bank for the Public Offer:

District	Branch name	Address
Hong Kong Island	King's Road Branch	131–133 King's Road, North Point
Kowloon	Prince Edward Branch	774 Nathan Road, Kowloon
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	East Point City Branch	Shop 101, East Point City, Tseung Kwan O
New Territories	Kwai Chung Plaza Branch	A18–20, G/F Kwai Chung Plaza, 7–11 Kwai Foo Road, Kwai Chung

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 2 November 2017 until 12:00 noon on Thursday, 9 November 2017 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 "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — SUN HING PRINTING HOLDINGS LIMITED PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 2 November 2017	—	9:00 a.m. to 5:00 p.m.
Friday, 3 November 2017	—	9:00 a.m. to 5:00 p.m.
Saturday, 4 November 2017	—	9:00 a.m. to 1:00 p.m.
Monday, 6 November 2017	—	9:00 a.m. to 5:00 p.m.
Tuesday, 7 November 2017	—	9:00 a.m. to 5:00 p.m.
Wednesday, 8 November 2017	—	9:00 a.m. to 5:00 p.m.
Thursday, 9 November 2017	—	9:00 a.m. to 12:00 noon

The application for the Share Offer will commence on Thursday, 2 November 2017 through Thursday, 9 November 2017, being slightly longer than normal market practice of four days.

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 9 November 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company, the Joint Bookrunners and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company 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;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **Yellow** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through **the HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 2 November 2017 until 11:30 a.m. on Thursday, 9 November 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 9 November 2017 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System **(https://ip.ccass.com)** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
- (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer

Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer

Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Thursday, 2 November 2017	—	9:00 a.m. to 8:30 p.m. (1)
Friday, 3 November 2017	—	8:00 a.m. to 8:30 p.m. (1)
Saturday, 4 November 2017	—	8:00 a.m. to 1:00 p.m. (1)
Monday, 6 November 2017	—	8:00 a.m. to 8:30 p.m. (1)
Tuesday, 7 November 2017	—	8:00 a.m. to 8:30 p.m. (1)
Wednesday, 8 November 2017	—	8:00 a.m. to 8:30 p.m. (1)
Thursday, 9 November 2017	—	8:00 a.m. (1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Participants can input electronic application instructions from 9:00 a.m. on Thursday, 2 November 2017 until 12:00 noon on Thursday, 9 November 2017 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, 9 November 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Thursday, 9 November 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or

- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of our Company;
- control more than half of the voting power of our Company; or
- hold more than half of the issued share capital of our Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Share Offer — Determining the Offer Price" in this prospectus.

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, 9 November 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 9 November 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 15 November 2017 (i) on our Company's website at **www.sunhingprinting.com**; and (ii) the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.sunhingprinting.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, 15 November 2017;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 15 November 2017 to 12:00 mid-night on Tuesday, 21 November 2017;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 15 November 2017 to Monday, 20 November 2017 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 15 November 2017 to Friday, 17 November 2017 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 6,000,000 Public Offer Shares (being 50% of 12,000,000 Public Offer Shares) initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.45 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 15 November 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 15 November 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 16 November 2017 provided that the Share Offer 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 Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 November 2017 or such other date as notified by us on the website of our Company at **www.sunhingprinting.com** or on the website of the Stock Exchange at **www.hkexnews.hk**.

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 authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 15 November 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 15 November 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 15 November 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 15 November 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 15 November 2017, or such other date as notified by our Company on the website of our Company at **www.sunhingprinting.com** or on the website of the Stock Exchange at **www.hkexnews.hk** as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 15 November 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 15 November 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Wednesday, 15 November 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 15 November 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 15 November 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 15 November 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the Listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

The Directors
Sun Hing Printing Holdings Limited

Kingsway Capital Limited

Dear Sirs,

We report on the historical financial information of Sun Hing Printing Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 3 to 38, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 30 June 2015, 2016 and 2017 (the "**Track Record Period**"), and the consolidated statements of financial position of the Group as at 30 June 2015, 2016 and 2017, and the statement of financial position of the Company as at 30 June 2017 and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 3 to 38 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 2 November 2017 (the "**Prospectus**") 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**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company (the "**Directors**") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 30 June 2015, 2016 and 2017, the financial position of the Company as at 30 June 2017 and of the financial performance and cash flows of the Group for each of the Track Record Period in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

2 November 2017

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with the Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 30 June		
		2015	**2016**	**2017**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	*6*	289,413	291,207	302,987
Cost of sales		(220,613)	(191,100)	(191,854)
Gross profit		68,800	100,107	111,133
Other income	*6*	966	493	350
Selling and distribution expenses		(4,053)	(4,130)	(4,216)
Administrative expenses		(44,251)	(44,111)	(47,120)
Other operating income/(expenses), net		(18)	976	(139)
Listing expenses		—	—	(12,130)
PROFIT BEFORE TAX	*7*	21,444	53,335	47,878
Income tax expenses	*10*	(4,628)	(10,065)	(11,097)
PROFIT FOR THE YEAR		16,816	43,270	36,781

(B) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
PROFIT FOR THE YEAR	16,816	43,270	36,781
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(882)	(5,034)	(3,469)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	15,934	38,236	33,312

(C) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June		
		2015	**2016**	**2017**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	62,287	53,016	47,703
Intangible asset	*14*	2,700	2,700	2,700
Prepayments and deposits	*17*	2,073	2,147	1,802
Deferred tax assets	*22*	445	397	127
Total non-current assets		67,505	58,260	52,332
CURRENT ASSETS				
Inventories	*15*	26,000	30,208	16,457
Trade receivables	*16*	65,767	52,194	51,083
Prepayments, deposits and other receivables	*17*	6,623	7,820	12,501
Amount due from a director	*18*	47,765	56,678	—
Restricted cash	*19*	—	—	1,550
Cash and cash equivalents	*19*	25,851	58,174	56,318
Total current assets		172,006	205,074	137,909
CURRENT LIABILITIES				
Trade payables	*20*	15,439	18,722	17,266
Other payables and accruals	*21*	29,989	24,454	18,768
Amounts due to directors	*28(b)*	2,200	2,200	6,434
Tax payable		5,910	13,748	20,265
Total current liabilities		53,538	59,124	62,733
NET CURRENT ASSETS		118,468	145,950	75,176
TOTAL ASSETS LESS CURRENT LIABILITIES		185,973	204,210	127,508
NON-CURRENT LIABILITY				
Deferred tax liabilities	*22*	256	257	243
Net assets		185,717	203,953	127,265
EQUITY				
Equity attributable to owners of the parent				
Share capital	*23*	—	—	—
Reserves	*24*	185,717	203,953	127,265
Total equity		185,717	203,953	127,265

(D) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000 (note 24(b))	Merger reserve HK$'000 (note 24(c))	Retained profits HK$'000	Exchange fluctuation reserve HK$'000 (note 24(d))	Total HK$'000
At 1 July 2014	—	—	6,010*	169,823*	13,950*	189,783
Profit for the year	—	—	—	16,816	—	16,816
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	—	—	—	—	(882)	(882)
Total comprehensive income/(loss) for the year	—	—	—	16,816	(882)	15,934
Dividends paid to the then shareholders	—	—	—	(20,000)	—	(20,000)
At 30 June 2015 and 1 July 2015	—	—	6,010*	166,639*	13,068*	185,717
Profit for the year	—	—	—	43,270	—	43,270
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	—	—	—	—	(5,034)	(5,034)
Total comprehensive income/(loss) for the year	—	—	—	43,270	(5,034)	38,236
Dividends paid to the then shareholders	—	—	—	(20,000)	—	(20,000)
At 30 June 2016 and 1 July 2016	—	—	6,010*	189,909*	8,034*	203,953
Profit for the year	—	—	—	36,781	—	36,781
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	—	—	—	—	(3,469)	(3,469)
Total comprehensive income/(loss) for the year	—	—	—	36,781	(3,469)	33,312
Acquisition of subsidiaries under common control pursuant to the Reorganisation	—	334,059	(334,059)	—	—	—
Dividends paid to the then shareholders	—	—	—	(110,000)	—	(110,000)
At 30 June 2017	—	334,059*	(328,049)*	116,690*	4,565*	127,265

* *These reserve accounts comprise the consolidated reserves of HK$185,717,000, HK$203,953,000 and HK$127,265,000 in the consolidated statements of financial position as at 30 June 2015 and 2016 and 2017, respectively.*

(E) CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 30 June		
		2015	2016	2017
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		21,444	53,335	47,878
Adjustments for:				
Interest income	6	(877)	(450)	(283)
Loss on disposal of items of property, plant and equipment	7	277	27	132
Depreciation	7	9,137	9,178	8,179
		29,981	62,090	55,906
Decrease/(increase) in inventories		(8,131)	(2,111)	12,164
Decrease in trade receivables		7,368	13,573	1,111
Decrease/(increase) in prepayments, deposits and other receivables		779	(745)	(4,639)
Increase/(decrease) in trade payables		(6,143)	2,955	(1,245)
Increase/(decrease) in other payables and accruals		3,975	(6,673)	(5,137)
Increase in restricted cash		—	—	(1,550)
Cash generated from operations		27,829	69,089	56,610
Hong Kong profits tax paid		(3,264)	(1,187)	(2,602)
Overseas taxes paid		(733)	(991)	(1,447)
Net cash flows from operating activities		23,832	66,911	52,561
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		877	450	283
Purchases of items of property, plant and equipment	13	(20,287)	(5,089)	(4,813)
Proceeds from disposal of items of property, plant and equipment		240	1,412	5
Net cash flows used in investing activities		(19,170)	(3,227)	(4,525)
CASH FLOWS FROM FINANCING ACTIVITIES				
Changes in balances with directors	25	3,300	(10,281)	(49,068)
Dividends paid	25	(20,000)	(20,000)	—
Net cash flows used in financing activities		(16,700)	(30,281)	(49,068)

	Notes	Year ended 30 June 2015 HK$'000	2016 HK$'000	2017 HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(12,038)	33,403	(1,032)
Cash and cash equivalents at beginning of year		38,056	25,851	58,174
Effect of foreign exchange rate changes, net		(167)	(1,080)	(824)
CASH AND CASH EQUIVALENTS AT END OF YEAR		25,851	58,174	56,318
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		10,772	35,290	27,445
Non-pledged time deposits and wealth management products with original maturity of less than three months when acquired		15,079	22,884	28,873
Cash and cash equivalents as stated in the consolidated statements of cash flows and consolidated statements of financial position		25,851	58,174	56,318

(F) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 30 June 2017
	Note	*HK$'000*
NON-CURRENT ASSET		
Investment in a subsidiary		334,059
Net asset		334,059
EQUITY		
Share capital	*23*	—
Share premium	*24(b)*	334,059
Total equity		334,059

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 4/F, Sze Hing Industrial Building, 35–37 Lee Chung Street, Chai Wan, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries were engaged in the manufacturing and sale of printing products.

Goody Luck Limited ("**Goody Luck**"), a company incorporated in the British Virgin Islands (the "**BVI**"), is the immediate holding company of the Company, and in the opinion of the Directors, which is also the ultimate holding company of the Company.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
China IOE Company Limited *(Note (c))*	Hong Kong 8 August 2016	HK$2	—	100	Internet and technology business
Mau Hing International Limited *(Note (a))*	Hong Kong 30 December 1993	HK$10,000	—	100	Sale of printing products
Strong Luck Limited *(Note (d))*	BVI 18 February 1991	US$1	100	—	Investment holding
Sun Hing Printing Company Limited *(Note (a))*	Hong Kong 11 December 1990	HK$6,000,000	—	100	Sale of printing products
Tung Pak Printing (Shenzhen) Company Limited *(Note (b))*	People's Republic of China 1 July 1994	HK$67,000,000	—	100	Manufacture of printing products
Winstar Development Limited *(Note (a))*	Hong Kong 12 February 1999	HK$2	—	100	Sale of printing products

Notes:

(a) The statutory financial statements of these entities for the year ended 30 June 2015 prepared under HKFRSs were audited by TKC Corporate CPA Limited (certified public accountants registered in Hong Kong). The statutory financial statements of these entities for the year ended 30 June 2016 prepared under HKFRSs were audited by Ernst & Young, Hong Kong (certified public accountants registered in Hong Kong).

(b) This entity is registered as a limited liability company under the laws of the People's Republic of China (the "**PRC**"). The statutory financial statements of this entity for the year ended 31 December 2014 prepared under the People's Republic of China Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Chengzheng Certified Public Accountants of Shenzhen (certified public accountants registered in the PRC, the statutory financial statements for the year ended 31 December 2015 prepared under PRC GAAP were audited by Shenzhen An Hui Certified Public Accountants (certified public accountants registered in the PRC and the statutory financial statements for the year ended 31 December 2016 prepared under PRC GAAP were audited by Shenzhen Huilong Certified Public Accountants (certified public accountants registered in the PRC).

(c) No statutory account has been prepared for this entity for the year ended 30 June 2016 as it had not been established on or before 30 June 2016.

(d) No statutory financial statements have been prepared for this entity since its incorporation as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its country/jurisdiction of incorporation.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 2 February 2017. The companies now comprising the Group were under the common control of Mr. Chan Peter Tit Sang ("**Mr. Peter Chan**"), Mr. Chan Kenneth Chi Kin ("**Mr. Kenneth Chan**"), Mr. Chan Chun Sang Desmond ("**Mr. Desmond Chan**") and Mr. Chan Chi Ming (collectively the "**Controlling Shareholders**"), before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 30 June 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting year commencing from 1 July 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[2]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[2]
Amendments to HKFRS 1 included in *Annual Improvement 2014–2016 Cycle*	*First-time Adoption of Hong Kong Financial Reporting Standards*[2]
Amendments to HKFRS 12 included in *Annual Improvement 2014–2016 Cycle*	*Disclosure of Interests in Other Entities*[1]
Amendments to HKAS 28 included in *Annual Improvement 2014–2016 Cycle*	*Investments in Associates and Joint Ventures*[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During the Track Record Period, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group in the future. The expected impacts on impairment arising from the adoption of HKFRS 9 are summarised as follows:

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade receivables upon the adoption of HKFRS 9.

Except for the potential early recognition of credit losses based on the expected credit loss model in relation to the Group's financial assets measured at amortised costs, the directors of the Company anticipate that the adoption of HKFRS 9 will have no significant impact on the results and the financial position of the Group.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition.

Amendments to HKFRS 15 address implementation questions that were discussed by the Joint Transition Resource Group for Revenue Recognition on: (a) identifying performance obligations; (b) application guidance on principal versus agent and licenses of intellectual property; and (c) transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying it.

The Group expects to adopt HKFRS 15 on 1 July 2018 and is currently assessing the impact of HKFRS 15 upon adoption. Based on preliminary analysis, the Group does not expect significant impact on the Group's revenue recognition upon adoption of HKFRS 15.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019.

For office properties, staff quarters and factory that have minimum lease payments over the lease term, the combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the statement of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The Group expects that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. As set out in note 26 to the Historical Financial Information, the Group's total future minimum lease payments payable under non-cancellable operating leases as at 30 June 2016 and 2017 were approximately HK$20,352,000 and HK$14,633,000, respectively.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

The management of the Group does not anticipate that the application of other new and revised HKFRSs will have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Company's voting rights and potential voting rights.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred.

In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Leasehold improvements	20% or over the lease term
Plant and machinery	5% to 20%
Furniture, fixtures and office equipment	20% to 25%
Motor vehicles	15% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, restricted cash, trade receivables, an amount due from a director and deposits and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ''pass-through'' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, certain other payables and accruals and amounts due to directors.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's operations in Mainland China are required to participate in central pension schemes operated by the local municipal governments, the assets of which are held separately from those of the Group. Contributions are made by the Group based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. The Group's employer contributions vest fully once made.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the memorandum and bye-laws of the relevant companies grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of an overseas subsidiary is a currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of this entity are translated into Hong Kong dollars at the exchange rate prevailing at the end of the reporting period and its statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rate for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of an overseas subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of an overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rate for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information.

Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes worldwide. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor actions. Management will increase the depreciation charge where useful lives are shorter than those previously estimated, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs of disposal and value in use, the calculations of which involve the use of estimates.

Write-down of inventories

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period.

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amount of inventories carried as assets in the consolidated statements of financial position are set out in note 15 to the Historical Financial Information.

Current tax and deferred tax

The Group is mainly subject to income taxes in Hong Kong and Mainland China. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the period in which such determination is made. The carrying amounts of income tax payable carried as a liability in the consolidated statement of financial position as at 30 June 2015, 2016 and 2017 were HK$5,910,000, HK$13,748,000 and HK$19,875,000, respectively.

Withholding taxes

Pursuant to the PRC Corporate Income Tax Law, a 5% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 30 June 2015, 2016 and 2017, the Group had unremitted earnings amounting to approximately HK$35,384,000, HK$42,365,000 and HK$47,618,000, respectively, that are subject to withholding taxes. In the opinion of the directors, the Company is able to control the timing of the reversal of the temporary difference and it is not probable that the subsidiary established in Mainland China will distribute such earnings in the foreseeable future. Accordingly, no deferred tax has been recognised for withholding taxes that would be payable on distribution of unremitted earnings by the Group's subsidiary established in Mainland China in respect of earnings generated.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the manufacture and sale of printing products.

Geographical information

(a) Revenue from external customers

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	225,298	179,208	194,318
United States of America	14,228	65,788	83,812
Other countries	49,887	46,211	24,857
	289,413	291,207	302,987

The revenue information above is based on the locations of the customers.

(b) Non-current assets

No geographical information is presented as over 90% of the Group's non-current assets are located in Mainland China as at 30 June 2015, 2016 and 2017.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each of the Track Record Period, is set out below:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Customer A	N/A*	41,883	37,553
Customer B	81,185	N/A*	N/A*
Customer C	29,823	N/A*	N/A*
Customer D	N/A*	N/A*	50,704

* *Nil or less than 10% of the Group's revenue*

The revenue from the above major customers was all derived from the sale of printing products.

6. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's other income is as follows:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Other income			
Interest income	877	450	283
Others	89	43	67
	966	493	350

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Cost of inventories sold#	205,567	180,102	180,747
Depreciation *(note 13)*	9,137	9,178	8,179
Minimum lease payments under operating leases	6,659	6,821	8,983
Auditors' remuneration	121	822	878
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries	62,096	56,962	55,630
Pension scheme contributions	4,251	2,501	(502)
	66,347	59,463	55,128
Foreign exchange differences, net*	(259)	(448)	7
Loss on disposal of items of property, plant and equipment*	277	27	132

* *These items are included in "Other operating income/(expenses), net" on the face of the consolidated statements of profit or loss.*

Cost of inventories sold includes HK$55,974,000, HK$47,817,000 and HK$47,684,000 of employee benefits expense, depreciation and minimum leases payments under operating leases which are also included in the respective total amounts disclosed above for each of these types of expenses for the years ended 30 June 2015, 2016 and 2017, respectively.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors or independent non-executive directors at any time during the years ended 30 June 2015 and 2016, since the Company was only incorporated on 17 January 2017.

On 18 January 2017, Mr. Peter Chan was appointed as the chairman and an executive director of the Company, Mr. Kenneth Chan was appointed as an executive director and as the chief executive of the Company, Mr. Desmond Chan and Mr. Chan Chi Ming were appointed as executive directors of the Company. Mr. Ng Sze Yuen Terry, Dr. Chu Po Kuen Louis and Mr. Ho Yuk Chi were appointed as independent non-executive directors of the Company on 9 October 2017.

(a) Independent non-executive directors

There were no fees or other emoluments payable to independent non-executive directors during the Track Record Period.

(b) Executive directors

There were no fees or emoluments payable by the Company to the executive directors during the Track Record Period. Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The remuneration of each of these directors as record in the financial statements of the subsidiaries is set out below:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*$'000*
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	10,579	10,576	10,944
Pension scheme contributions	36	36	36
	10,615	10,612	10,980
	10,615	10,612	10,980

	Fees	**Salaries, allowances and benefits in kind**	**Pension scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2017				
Executive directors:				
Mr. Peter Chan	—	5,250	—	5,250
Mr. Desmond Chan	—	1,365	—	1,365
Mr. Chan Chi Ming	—	1,364	18	1,382
Mr. Kenneth Chan	—	2,965	18	2,983
	—	10,944	36	10,980

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2016				
Executive directors:				
Mr. Peter Chan	—	5,123	—	5,123
Mr. Desmond Chan	—	1,335	—	1,335
Mr. Chan Chi Ming	—	1,263	18	1,281
Mr. Kenneth Chan	—	2,855	18	2,873
	—	10,576	36	10,612
Year ended 30 June 2015				
Executive directors:				
Mr. Peter Chan	—	5,126	—	5,126
Mr. Desmond Chan	—	1,335	—	1,335
Mr. Chan Chi Ming	—	1,263	18	1,281
Mr. Kenneth Chan	—	2,855	18	2,873
	—	10,579	36	10,615

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

During the Track Record Period, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 30 June 2015, 2016 and 2017 included four, four and four directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining non-director, highest paid employee for the Track Record Period are as follows:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, allowances and benefits in kind	403	540	500
Performance related bonuses	90	180	203
Pension scheme contributions	18	18	14
	511	738	717

The number of the non-director, highest paid employee whose remuneration fell within the following band is as follows:

	Year ended 30 June		
	2015	**2016**	**2017**
Nil to HK$1,000,000	1	1	1

During the Track Record Period, no emoluments were paid by the Group to any of the non-director, highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Track Record Period. PRC tax has been provided at the rate of 25% on the estimated assessable profits arising in the PRC for each of the Track Record Period.

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Current — Hong Kong			
Charge for the year	1,881	7,617	9,536
Over provision in prior years	(10)	—	—
Current — PRC			
Charge for the year	3,170	2,399	1,305
Deferred *(note 22)*	(413)	49	256
Total tax charge for the year	4,628	10,065	11,097

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax	21,444	53,335	47,878
Tax at the statutory tax rate of different jurisdictions	4,252	9,614	8,678
Adjustments in respect of current tax of previous years	(10)	—	—
Income not subject to tax	(143)	(115)	(1,142)
Expenses not deductible for tax	592	570	3,656
Others	(63)	(4)	(95)
Tax charge at the Group's effective tax rate	4,628	10,065	11,097

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends declared/paid by the Company's subsidiaries to the then shareholders during the Track Record Period were as follows:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Interim dividends	20,000	20,000	—
Special dividend	—	—	110,000
	20,000	20,000	110,000

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2017						
At 1 July 2016:						
Cost	442	398	145,714	7,837	9,150	163,541
Accumulated depreciation	(337)	(352)	(98,642)	(4,838)	(6,356)	(110,525)
Net carrying amount	105	46	47,072	2,999	2,794	53,016
At 1 July 2016, net of accumulated depreciation	105	46	47,072	2,999	2,794	53,016
Additions	—	—	3,215	1,086	512	4,813
Disposals	—	—	(95)	(36)	(6)	(137)
Depreciation provided during the year *(note 7)*	(10)	(46)	(6,033)	(984)	(1,106)	(8,179)
Exchange realignment	(4)	—	(1,694)	(79)	(33)	(1,810)
At 30 June 2017, net of accumulated depreciation	91	—	42,465	2,986	2,161	47,703
At 30 June 2017:						
Cost	426	398	142,669	8,316	9,502	161,311
Accumulated depreciation	(335)	(398)	(100,204)	(5,330)	(7,341)	(113,608)
Net carrying amount	91	—	42,465	2,986	2,161	47,703
30 June 2016						
At 1 July 2015:						
Cost	473	398	168,637	5,637	9,001	184,146
Accumulated depreciation	(350)	(272)	(111,317)	(4,609)	(5,311)	(121,859)
Net carrying amount	123	126	57,230	1,028	3,690	62,287
At 1 July 2015, net of accumulated depreciation	123	126	57,320	1,028	3,690	62,287
Additions	—	—	2,209	2,556	324	5,089
Disposals	—	—	(1,439)	—	—	(1,439)
Depreciation provided during the year *(note 7)*	(11)	(80)	(7,469)	(465)	(1,155)	(9,178)
Exchange realignment	(7)	—	(3,551)	(120)	(65)	(3,743)
At 30 June 2016, net of accumulated depreciation	105	46	47,072	2,999	2,794	53,016
At 30 June 2016:						
Cost	442	398	145,714	7,837	9,150	163,541
Accumulated depreciation	(337)	(352)	(98,642)	(4,838)	(6,356)	(110,525)
Net carrying amount	105	46	47,072	2,999	2,794	53,016

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2015						
At 1 July 2014:						
Cost	479	398	158,869	5,113	7,777	172,636
Accumulated depreciation	(334)	(192)	(109,295)	(4,434)	(6,009)	(120,264)
Net carrying amount	145	206	49,574	679	1,768	52,372
At 1 July 2014, net of accumulated depreciation	145	206	49,574	679	1,768	52,372
Additions	—	—	16,847	587	2,853	20,287
Disposals	—	—	(499)	—	(18)	(517)
Depreciation provided during the year *(note 7)*	(21)	(80)	(7,908)	(228)	(900)	(9,137)
Exchange realignment	(1)	—	(694)	(10)	(13)	(718)
At 30 June 2015, net of accumulated depreciation	123	126	57,320	1,028	3,690	62,287
At 30 June 2015:						
Cost	473	398	168,637	5,637	9,001	184,146
Accumulated depreciation	(350)	(272)	(111,317)	(4,609)	(5,311)	(121,859)
Net carrying amount	123	126	57,320	1,028	3,690	62,287

14. INTANGIBLE ASSET

	Club membership
	HK$'000
At 1 July 2014, 30 June 2015, 2016 and 2017	2,700

The Group classified the acquired club membership as an intangible asset with an indefinite useful life in a accordance with HKAS 38 *Intangible Assets*. This is supported by the fact that the club membership has no expiry date and is expected to generate future economic benefits to the Group indefinitely. The Group re-evaluates the useful life of the club membership each year to determine whether events or circumstances continue to support the view of the indefinite useful life of the asset.

15. INVENTORIES

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	8,360	8,661	5,805
Work in progress	7,047	14,779	6,652
Finished goods	10,593	6,768	4,000
	26,000	30,208	16,457

16. TRADE RECEIVABLES

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	65,767	52,194	51,083

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a policy to manage its risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 month	43,060	25,680	29,387
1 to 2 months	18,767	16,851	14,018
2 to 3 months	2,965	9,159	5,305
Over 3 months	975	504	2,373
	65,767	52,194	51,083

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	58,558	39,245	41,985
Less than 1 month past due	5,530	7,606	5,292
1 to 2 months past due	1,428	5,182	3,743
Over 2 months	251	161	63
	65,767	52,194	51,083

Receivables that were neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June		
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	2,933	6,268	9,326
Deposits and other receivables	5,763	3,699	4,977
	8,696	9,967	14,303
Less: Non-current prepayments and deposits	(2,073)	(2,147)	(1,802)
	6,623	7,820	12,501

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

18. AMOUNT DUE FROM A DIRECTOR

The amount due from a director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	Mr. Peter Chan
	HK$'000
At 1 July 2014	51,205
Maximum amount outstanding during the year	51,573
At 30 June 2015 and 1 July 2015	47,765
Maximum amount outstanding during the year	60,419
At 30 June 2016 and 1 July 2016	56,678
Maximum amount outstanding during the year	59,127
At 30 June 2017	—

The amount due from a director was unsecured, interest-free, have no fixed term of repayment and of non-trade nature.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 30 June		
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Cash and bank balances	10,772	35,290	27,445
Time deposits	6,329	17,050	24,805
Wealth management products*	8,750	5,834	5,618
	25,851	58,174	57,868
Less: restricted cash for a banking facility	—	—	(1,550)
Cash and cash equivalents	25,851	58,174	56,318

The cash and cash equivalents of the Group denominated in Renminbi ("**RMB**") as at 30 June 2015, 2016 and 2017 amounted to HK$9,059,000, HK$19,824,000 and HK$7,664,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy bank with no recent history of default.

* *The principal and interest amounts of the wealth management products held as at 30 June 2015, 2016 and 2017 are guaranteed. The Group uses the wealth management products primarily to enhance its return on fixed deposits. Wealth management products are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The wealth management products are made with a creditworthy bank with no recent history of default.*

20. TRADE PAYABLES

An aged analysis of the trade payables, based on the invoice date, at the end of each Track Record Period, is as follows:

		As at 30 June	
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 month	9,305	9,746	9,140
1 to 2 months	3,135	7,205	6,857
2 to 3 months	1,739	1,572	1,010
Over 3 months	1,260	199	259
	15,439	18,722	17,266

The trade payables are non-interest-bearing and are normally settled within three months.

21. OTHER PAYABLES AND ACCRUALS

		As at 30 June	
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Other payables	1,241	1,458	1,893
Accruals	28,748	22,996	16,875
	29,989	24,454	18,768

Other payables are non-interest-bearing and there are generally no credit terms.

22. DEFERRED TAX

The components and movements of deferred tax assets/liabilities during the Track Record Period are as follows:

Deferred tax assets

	Deductible temporary differences
	HK$'000
At 1 July 2014	—
Deferred tax credited to profit or loss during the year *(note 10)*	445
At 30 June 2015 and 1 July 2015	445
Deferred tax charged to profit or loss during the year *(note 10)*	(48)
At 30 June 2016 and 1 July 2016	397
Deferred tax charged to profit or loss during the year *(note 10)*	(270)
At 30 June 2017	127

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	**Taxable temporary differences**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2014	91	133	224
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	165	(133)	32
At 30 June 2015 and 1 July 2015	256	—	256
Deferred tax charged to profit or loss during the year *(note 10)*	1	—	1
At 30 June 2016 and 1 July 2016	257	—	257
Deferred tax credited to profit or loss during the year *(note 10)*	(14)	—	(14)
At 30 June 2017	243	—	243

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 30 June 2015, 2016 and 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the directors, it is not probable that this subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investment in the subsidiary in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$35,384,000, HK$42,365,000 and HK$47,618,000 as at 30 June 2015, 2016 and 2017, respectively.

23. SHARE CAPITAL

The Company was incorporated on 17 January 2017 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each. On the date of incorporation, 1 ordinary share of HK$0.01 were allotted and issued by the Company.

There was no authorised and issued capital as at 30 June 2015 and 2016 since the Company has not yet been incorporated by that time.

Changes in share capital of the Company pursuant to the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the Prospectus.

24. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for each of the Track Record Period are presented in the consolidated statements of changes in equity.

(b) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration paid for the Reorganisation.

(c) Merger reserve

For the purpose of the preparation of the consolidated statements of financial position, the balance of merger reserve at 30 June 2015 and 2016 represents the aggregate of the paid up share capital of the subsidiaries now comprising the Group attributable to the Controlling Shareholders prior to the Reorganisation.

The balance of merger reserve at 30 June 2017 represents the difference between the aggregate of the paid up share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange therefor pursuant to the Reorganisation.

(d) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of a foreign operation.

25. MAJOR NON-CASH TRANSACTION

During the year ended 30 June 2017, one of the subsidiaries now comprising the Group distributed a special dividend totalling HK$110,000,000 to its shareholders. The shareholders, except for Mr. Peter Chan, have unconditionally and irrevocably transferred to Mr. Peter Chan all their entitlements to receive the special dividend attributable to their shares of the subsidiary. The special dividend was settled through Mr. Peter Chan's current account with the Group.

26. OPERATING LEASE ARRANGEMENT

As lessee

The Group leases certain of its office properties, staff quarters and factory under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

At the end of each of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	2,656	7,401	9,503
In the second to fifth years, inclusive	1,920	12,951	5,130
	4,576	20,352	14,633

27. COMMITMENTS

At the end of each of the Track Record Period, the Group had the following capital commitments:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Contracted, but not provided for:			
Plant and machinery	261	968	616

28. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Track Record Period:

	Year ended 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Rental expenses paid to related companies	2,940	2,005	1,920

The rental expenses were paid based on tenancy agreements entered into between a subsidiary of the Group and related companies at a monthly rate ranging from HK$75,000 to HK$85,000 throughout the Track Record Period.

(b) Outstanding balances with related parties

As at 30 June 2015 and 2016, the Group had an outstanding balance due from a director of HK$47,765,000 and HK$56,678,000, respectively. Details of the balances are disclosed in note 18 to the Historical Financial Information.

As at 30 June 2015, 2016 and 2017, the Group had outstanding balances due to directors of HK$2,200,000, HK$2,200,000 and HK$6,434,000, respectively.

The above balances are unsecured, interest-free, have no fixed terms of repayment and of non-trade nature.

(c) Commitment with related parties

On 1 June 2013, a subsidiary of the Group entered into a four-year tenancy agreement ending on 30 June 2017 with Golden Park Development Limited ("**Golden Park**"), which has common directors, Mr. Peter Chan and Mr. Kenneth Chan, with the Company. As at 30 June 2015 and 2016, the Group had a total future minimum lease payable to Golden Park amounting to HK$2,040,000 and HK$1,020,000, respectively. On 7 June 2017, a subsidiary of the Group entered into a one-year tenancy agreement ending on 30 June 2018 with Golden Park, which has common directors, Mr. Peter Chan and Mr. Kenneth Chan, with the Company. As at 30 June 2017, the Group had a total future minimum lease payable to Golden Park amounting to HK$1,326,000.

On 1 June 2013, a subsidiary of the Group entered into a four-year tenancy agreement ending on 30 June 2017 with High Develop Investments Limited ("**High Develop**"), which has a common director, Mr. Peter Chan, with the Company. As at 30 June 2015 and 2016, the Group had a total future minimum lease payable to High Develop amounting to HK$1,800,000 and HK$900,000, respectively. On 7 June 2017, a subsidiary of the Group entered into a one-year tenancy agreement ending on 30 June 2018 with High Develop, which has a common director, Mr. Peter Chan, with the Company. As at 30 June 2017, the Group had a total future minimum lease payable to High Develop amounting to HK$1,260,000.

On 1 June 2013, a subsidiary of the Group entered into a two-year tenancy agreement ending on 31 July 2015 with King Forum Development Limited ("**King Forum**"), of which its directors are close family member of the Company's directors. As at 30 June 2015, the Group had a total future minimum lease payable to King Forum amounting to HK$85,000.

The rental expenses payable to related companies in relation to the above tenancy agreements are included in note 28(a) to the Historical Financial Information.

(d) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group for each reporting period during the Track Record Period represented the directors' emoluments as disclosed in note 8 to the Historical Financial Information.

29. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at the end of each of the Track Record Period are loans and receivables, and financial liabilities at amortised cost, respectively.

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, balances with directors, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of non-current deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to approximate to their carrying amounts.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include trade and other receivables, deposits, trade and other payables, restricted cash and cash and cash equivalents.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, restricted cash, trade receivables, an amount due from a director and deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. The Group had certain concentrations of credit risk as the trade receivables in terms of the following percentages were due from the Group's largest external customer and the Group's five largest external customers out of the Group's total trade receivables:

	As at 30 June		
	2015	**2016**	**2017**
	%	*%*	*%*
Due from the Group's largest external customer	21	19	19
Due from the Group's five largest external customers	59	55	61

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 16 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of funds generated from operations.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual and undiscounted payments, is as follows:

	On demand	**Less than 3 months**	**3 to less than 12 months**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2015				
Trade payables	2,863	11,776	800	15,439
Financial liabilities included in other payables and accruals	—	12,118	1,241	13,359
Amounts due to directors	2,200	—	—	2,200
	5,063	23,894	2,041	30,998

	On demand	Less than 3 months	3 to less than 12 months	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2016				
Trade payables	4,724	12,907	1,091	18,722
Financial liabilities included in other payables and accruals	—	6,406	1,458	7,864
Amounts due to directors	2,200	—	—	2,200
	6,924	19,313	2,549	28,786
As at 30 June 2017				
Trade payables	6,110	11,147	9	17,266
Financial liabilities included in other payables and accruals	—	6,581	1,726	8,307
Amounts due to directors	6,434	—	—	6,434
	12,544	17,728	1,735	32,007

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, other payables and accruals, and amounts due to directors less cash and cash equivalents. Capital represents the equity attributable to owners of the parent. The gearing ratios as at the end of each Track Record Period are as follows:

	As at 30 June		
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	15,439	18,722	17,266
Other payables and accruals	29,989	24,454	18,768
Amounts due to directors	2,200	2,200	6,434
Less: Cash and cash equivalents	(25,851)	(58,174)	(56,318)
Net debt	21,777	(12,798)	(13,850)
Equity attributable to owners of the parent	185,717	203,953	127,265
Capital and net debt	207,494	191,155	113,415
Gearing ratio	10.5%	N/A	N/A

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2017.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 30 June 2017. This unaudited pro forma statement of adjusted consolidated 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 consolidated net tangible assets of the Group had the Share Offer been completed as at 30 June 2017 or any future dates:

	Consolidated net tangible assets attributable to owners of the Company as at 30 June 2017	**Estimated net proceeds from the Share Offer**	**Unaudited Pro forma adjusted consolidated net tangible assets**	**Unaudited Pro forma adjusted consolidated net tangible assets per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Notes 3 and 4)*
Based on an Offer Price of HK$1.45	124,565	154,810	279,375	0.582
Based on an Offer Price of HK$1.05	124,565	108,250	232,815	0.485

Notes:

1. The consolidated net tangible assets attributable to owners of the Company as at 30 June 2017 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK$1.05 and HK$1.45 per Share, after deduction of the underwriting fees and other related expenses payable by the Company.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 480,000,000 Shares expected to be in issue immediately following the completion of the Share Offer without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

2 November 2017

The Directors
Sun Hing Printing Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sun Hing Printing Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2017 and related notes as set out in Appendix II to the prospectus of the Company dated 2 November 2017 (the "Prospectus") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note 2 to note 4.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of public offer and placing of shares of the Company on the Group's financial position as at 30 June 2017 as if the transaction had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 30 June 2017, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 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 ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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*, 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 Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of public offer and placing of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 January 2017 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association **(Memorandum)** and its Amended and Restated Articles of Association **(Articles)**.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 9 October 2017 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, 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 authorized 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.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date 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; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), 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 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. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

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 on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, 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 is provided 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, 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 on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks 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 of such shares 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 payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member 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 shall 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 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 appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) 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 so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. 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 shall 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 to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (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 has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or 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.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman 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 to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration 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 subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

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.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (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.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, 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:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) 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) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

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 and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or 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 Cayman 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 a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights 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: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) 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. 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 (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, 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.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and 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 authorized 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 a duly authorised officer or attorney. 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 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.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which 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;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, 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 to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend 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 used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, 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.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided 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 thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 17 January 2017 subject to the Cayman 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 Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. 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 share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

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.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman 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, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, 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 to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution 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 holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 28 March 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is 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

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is 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) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up 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 (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the 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 has 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, 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.

(r) 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 that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts 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.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman 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 GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 17 January 2017. Our registered office is at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. We have established a principal place of business in Hong Kong at 4/F, Sze Hing Industrial Building, 35–37 Lee Chung Street, Chai Wan, Hong Kong, and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 22 March 2017. Mr. Kenneth Chan and Ms. Ng Yin Ting Joyce have been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As a company incorporated in the Cayman Islands, our operations are subject to the Memorandum of Association and the Articles of Association and the Cayman Companies Law. A summary of certain provisions of the Memorandum of Association and the Articles of Association and certain aspects of the Cayman Companies Law is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company on 17 January 2017, our Company had an authorised share capital of HK$380,000, divided into 38,000,000 shares of HK$0.01 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

(a) On 17 January 2017, the Company allotted and issued one subscriber Share with a par value of HK$0.01 as nil paid to Reid Services Limited as the initial subscriber which was transferred to Mr. Kenneth Chan on the same date.

(b) On 2 February 2017, our Company acquired the entire share of Strong Luck from Mr. Peter Chan. The consideration was satisfied by our Company issuing and allotting 599 Shares, credited as fully paid, to Goody Luck.

(c) On 2 February 2017, Strong Luck acquired the entire issued share capital of Mau Hing from Mr. Peter Chan, Mr. Kenneth Chan and Mr. Desmond Chan. The consideration was satisfied by our Company (a) issuing and allotting 39 and 4 Shares, credited as fully-paid, to Goody Luck and Goody Capital respectively; and (b) credited as fully paid at par value the one nil-paid share originally held by Goody Luck.

(d) On 2 February 2017, Strong Luck acquired the 30% of the issued share capital of Sun Hing from Mr. Peter Chan, Mr. Kenneth Chan, Mr. Chan Chi Ming and Mr. Desmond Chan. The consideration was satisfied by our Company issuing and allotting 44 and 220 Shares, credited as fully-paid, to Goody Luck and Goody Capital respectively.

(e) On 2 February 2017, Strong Luck acquired the 50% of the issued share capital of Winstar from Mr. Peter Chan. The consideration was satisfied by our Company issuing and allotting 1 Share, credited as fully-paid, to Goody Luck.

(f) On 2 February 2017, Strong Luck acquired the entire issued share capital of China IOE from Mr. Peter Chan and Mr. Kenneth Chan. The consideration was satisfied by our Company issuing and allotting 46 and 46 Shares, credited as fully-paid, to Goody Luck and Goody Capital respectively.

Pursuant to the extraordinary general meeting of the Shareholders held on 9 October 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares with par value of HK$0.01 each by the creation of a further of 9,962,000,000 Shares.

Immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$4,800,000, divided into 480,000,000 Shares, all fully paid or credited as fully paid, and 9,520,000,000 Shares will remain unissued.

Save as disclosed above and in paragraph headed "3. Extraordinary general meeting of our Shareholders held on 9 October 2017" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Extraordinary general meeting of our Shareholders held on 9 October 2017

Pursuant to the extraordinary general meeting our Shareholders held on 9 October 2017:

(a) we approved and adopted the Memorandum of Association with immediate effect and approved and adopted the Articles of Association in substitution for and to the exclusion of the then articles of association of our Company with effect from the Listing Date;

(b) the authorised share capital of our Company will be increased from HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 Shares of a par value of HK$0.01 each by the creation of an additional 9,962,000,000 Shares of HK$0.01 each;

(c) subject to the conditions set out in "Structure and conditions of the Share Offer — Conditions of the Share Offer" having been fulfilled or waived:

  (i) the Share Offer, the Capitalisation Issue and the Over-allotment Option were approved and the Directors were authorised to allot and issue the new Shares pursuant to the Share Offer, the Capitalisation Issue and the Over-allotment Option;

(ii) the Listing was approved and the Directors were authorised to implement the Listing;

(iii) subject to the restrictions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to (aa) a rights issue, (bb) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares, (cc) the exercise of options granted pursuant to the Share Option Scheme, (dd) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme (subject to adjustment in the case of a consolidation or subdivision of the Shares) and (2) the number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in sub-paragraph (iv) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold the next annual general meeting of the Company and (III) the date on which the authority given to the Directors by this resolution is revoked or varied or renewed by an ordinary resolution of our Shareholders in general meeting (the "**Relevant Period**");

(iv) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase Shares 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 in accordance with all applicable laws and the requirements of the Listing Rules, not with an aggregate number of Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme (subject to adjustment in the case of a consolidation or subdivision of the Shares), such mandate to remain in effect during the Relevant Period; and

(d) conditional upon the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme and the commencement of trading of the Shares on the Stock Exchange, the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to grant options to subscribe for Shares, and to allot, issue and deal with the Shares pursuant to the exercise of the options granted under the Share Option Scheme, in accordance with the rules of the Share Option Scheme.

4. Our subsidiaries

Certain details of our subsidiaries are set out in Appendix I to this prospectus. Save as set out in Appendix I to this prospectus, we do not have any other subsidiaries.

Save as disclosed in the section headed "History, Reorganisation and Group Structure" in this prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

5. Corporate reorganisation

See the section headed "History, Reorganisation and Group Structure — Reorganisation".

6. Repurchase of Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus relating to the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up 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 by shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchase by our Company may be made out of the profits of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased securities

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchases

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material and adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 480,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any

Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme), could accordingly result in up to 48,000,000 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting; or

(iii) the date on which the repurchase mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) the Deed of Non-competition;

(b) the Deed of Indemnity;

(c) the share swap agreement dated 2 February 2017 entered into among Mr. Peter Chan, Mr. Kenneth Chan, Mr. Desmond Chan, Mr. Chan Chi Ming, Strong Luck and our Company in relation to the transfer of the shareholdings in Strong Luck, Mau Hing, Sun Hing, Winstar and China IOE for allotment and issue of certain Shares by the Company to Goody Luck and Goody Capital as appropriate in each of Mau Hing, Sun Hing, Winstar and China IOE;

(d) the share swap agreement dated 2 February 2017 entered into between Mr. Peter Chan and our Company in relation to the transfer of the shareholdings in Strong Luck for allotment and issue of 599 Shares by our Company to Goody Luck;

(e) the Public Offer Underwriting Agreement; and

(f) the cornerstone investment agreement dated 27 October 2017 entered into among our Company, Deputada Leong On Kei Angela and the Joint Lead Managers in relation to the subscription by Deputada Leong On Kei Angela of 24,000,000 Shares, details of which are set out in the section headed "Cornerstone Investor" in this prospectus.

2. Material intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business.

Trademark	Registration number	Class	Name of registered owner	Place of registration	Expiry date
SUN HING	304050963	40, 41	Sun Hing	Hong Kong	16 February 2027
	304050954	40, 41	Sun Hing	Hong Kong	16 February 2027
	304048830	9, 40, 41	China IOE	Hong Kong	14 February 2027
	304048821	9, 40, 41	China IOE	Hong Kong	14 February 2027

As of the Latest Practicable Date, we have submitted applications for the following trademarks pending for registration:

Trademark	Application number	Class	Name of applicant	Place of application	Application date
新興 新兴	304049749	40, 41	Sun Hing	Hong Kong	16 February 2017
	304049758	40, 41	Sun Hing	Hong Kong	16 February 2017
	304049767	40, 41	Sun Hing	Hong Kong	16 February 2017
新兴	22878955	40	Sun Hing	China	21 February 2017
新兴	22878954	41	Sun Hing	China	21 February 2017
	22893479	40	Sun Hing	China	22 February 2017
	22893478	41	Sun Hing	China	22 February 2017
	22878951	40	Sun Hing	China	21 February 2017
	22878950	41	Sun Hing	China	21 February 2017
SUN HING	22878953	40	Sun Hing	China	21 February 2017
SUN HING	22878952	41	Sun Hing	China	21 February 2017
SUN HING PRINTING	22893481	40	Sun Hing	China	22 February 2017
SUN HING PRINTING	22893480	41	Sun Hing	China	22 February 2017
	22893484	9	China IOE	China	22 February 2017
	22893483	40	China IOE	China	22 February 2017
	22893482	41	China IOE	China	22 February 2017
	22878949	9	China IOE	China	21 February 2017

Trademark	Application number	Class	Name of applicant	Place of application	Application date
	22878948	40	China IOE	China	21 February 2017
	22878947	41	China IOE	China	21 February 2017

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which are material to our business:

No.	Domain Name	Registered owner	Expiry date
1.	SUNHINGPRINTING.COM	Sun Hing	20 August 2020
2.	CHINAIOE.COM	China IOE	17 July 2020

(c) Patents

As of the Latest Practicable Date, our Group has not registered patents which are material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

Immediately following completion of the Share Offer and the Capitalisation Issue and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, the interests and/or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange, will be as follows:

(i) Interests in the Shares

Name of Directors	**Capacity/ nature of interest**	**Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer** *(Note 1)*	**Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer**
Mr. Peter Chan	Interest in a controlled corporation *(Note 2) (Note 3)*	360,000,000 (L)	75.0%
Mr. Kenneth Chan	Interest in controlled corporations *(Note 2) (Note 3)*	360,000,000 (L)	75.0%
Mr. Chan Chi Ming	Interest in a controlled corporation *(Note 2) (Note 3)*	360,000,000 (L)	75.0%
Mr. Desmond Chan	Interest in a controlled corporation *(Note 2) (Note 3)*	360,000,000 (L)	75.0%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 54.8% by Goody Luck and 20.2% by Goody Capital immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares which may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). Goody Luck is owned as to 98.6% by Mr. Peter Chan and 1.4% by Mr. Kenneth Chan, and Goody Capital is owned as to 33.3% by Mr. Desmond Chan, 33.3% by Mr. Chan Chi Ming and 33.3% by Mr. Kenneth Chan.

3. Mr. Peter Chan, Mr. Kenneth Chan, Mr. Chan Chi Ming and Mr. Desmond Chan are persons acting in concert pursuant to the Acting In Concert Confirmation And Undertaking and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, with respect to the businesses of each member of the Group, (i) each of Mr. Peter Chan and Mr. Desmond Chan confirms that since 31 December 1990; (ii) each of Mr. Peter Chan, Mr. Desmond Chan and Mr. Chan Chi Ming confirms that since the 5 February 1991; and (iii) each of Mr. Peter Chan, Mr. Desmond Chan, Mr. Chan Chi Ming and Mr. Kenneth Chan confirms that since the 8 March 2010, (i) they have agreed to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of each member of the Group, and

have historically voted on each resolutions in the same way; (ii) they have centralised the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of members of the Group; and (iii) they have operated members of the Group as a single business venture on a collective basis and have made collective decisions in respect of the financial and operating policies of the members of the Group, and will continue to do so. As such, each of our Controlling Shareholders is deemed to be interested in 75.0% of the issued share capital of our Company.

(ii) Interests in the associated companies

Name of Directors	Name of associated corporation	Capacity/nature of interest	Number and class of securities in the associated corporation	Percentage of shareholding interests in the associated corporation
Mr. Peter Chan	Goody Luck	Beneficial Owner *(Note 1)*	986	98.6%
Mr. Kenneth Chan	Goody Luck	Beneficial Owner *(Note 1)*	14	1.4%
	Goody Capital	Beneficial Owner *(Note 1)*	1	33.3%
Mr. Chan Chi Ming	Goody Capital	Beneficial Owner *(Note 1)*	1	33.3%
Mr. Desmond Chan	Goody Capital	Beneficial Owner *(Note 1)*	1	33.3%

Note:

1. The disclosed interest represents the interests in the associated corporation.

So far as is known to any Director or the chief executive of our Company as at the Latest Practicable Date, save as disclosed above, none of the Directors or chief executive of our Company will, immediately following completion of the Share Offer and the Capitalisation Issue and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of the options which may be granted under the Share Option Scheme, have any interests or short positions in the shares, underlying shares or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange.

So far as is known to any Director or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the Share Offer and Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares to be issued upon the exercise of options which may be granted under the Share Option Scheme, the persons (other than a Director or the chief executive of our Company) who will have interests and/or short positions in our Shares, underlying Shares or debentures of our Company which will 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 once our Shares are listed on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group are as follows:

Name	Capacity/nature of interest	Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Goody Luck	Beneficial interest *(Notes 2 and 3)*	360,000,000 (L)	75.0%
Goody Capital	Beneficial interest *(Notes 2 and 3)*	360,000,000 (L)	75.0%
Mr. Peter Chan	Interest in a controlled corporation *(Note 3)*	360,000,000 (L)	75.0%
Mr. Kenneth Chan	Interest in controlled corporations *(Note 3)*	360,000,000 (L)	75.0%
Mr. Chan Chi Ming	Interest in a controlled corporation *(Note 3)*	360,000,000 (L)	75.0%
Mr. Desmond Chan	Interest in a controlled corporation *(Note 3)*	360,000,000 (L)	75.0%
Ms. Chan Lai Lin Diana	Interest of spouse *(Notes 3 and 4)*	360,000,000 (L)	75.0%
Ms. Wong Orangeo Wendy	Interest of spouse *(Notes 3 and 5)*	360,000,000 (L)	75.0%
Ms. Lee Shuk Fong	Interest of spouse *(Notes 3 and 6)*	360,000,000 (L)	75.0%
Ms. Tso Yin Wah	Interest of spouse *(Notes 3 and 7)*	360,000,000 (L)	75.0%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 54.8% by Goody Luck and 20.2% by Goody Capital immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares which may be allotted and issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme). Goody Luck is owned as to 98.6% by Mr. Peter Chan and 1.4% by Mr. Kenneth Chan, and Goody Capital is owned as to 33.3% by Mr. Desmond Chan, 33.3% by Mr. Chan Chi Ming and 33.3% by Mr. Kenneth Chan.

3. Mr. Peter Chan, Mr. Kenneth Chan, Mr. Chan Chi Ming and Mr. Desmond Chan are persons acting in concert pursuant to the Acting In Concert Confirmation And Undertaking and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, with respect to the businesses of each member of the Group, (i) each of Mr. Peter Chan and Mr. Desmond Chan confirms that since 31 December 1990; (ii) each of Mr. Peter Chan, Mr. Desmond Chan and Mr. Chan Chi Ming confirms that since the 5 February 1991; and (iii) each of Mr. Peter Chan, Mr. Desmond Chan, Mr. Chan Chi Ming and Mr. Kenneth Chan confirms that since the 8 March 2010, (i) they have agreed to consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of each member of the Group, and have historically voted on each resolutions in the same way; (ii) they have centralised the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of members of the Group; and (iii) they have operated members of the Group as a single business venture on a collective basis and have made collective decisions in respect of the financial and operating policies of the members of the Group, and will continue to do so. As such, each of our Controlling Shareholders is deemed to be interested in 75.0% of the issued share capital of our Company.

4. Ms. Chan Lai Lin Diana is the spouse of Mr. Peter Chan. Under the SFO, Ms. Chan is deemed to be interested in the same number of Shares in which Mr. Peter Chan is interested in.

5. Ms. Wong Orangeo Wendy is the spouse of Mr. Kenneth Chan. Under the SFO, Ms. Wong Orangeo Wendy is deemed to be interested in the same number of Shares in which Mr. Kenneth Chan is interested in.

6. Ms. Lee Shuk Fong is the spouse of Mr. Chan Chi Ming. Under the SFO, Ms. Lee is deemed to be interested in the same number of Shares in which Mr. Chan Chi Ming is interested in.

7. Ms. Tso Yin Wah is the spouse of Mr. Desmond Chan. Under the SFO, Ms. Tso is deemed to be interested in the same number of Shares in which Mr. Desmond Chan is interested in.

Save as disclosed in this prospectus, so far as is known to any Directors or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the Share Offer and Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares to be issued upon the exercise of options which may be granted under the Share Option Scheme, there are no other person (other than a Director or the chief executive of our Company) who will have interests and/or short positions in the Shares, the underlying Shares or debentures of our Company which will 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 once our Shares are listed on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

2. Directors' service contracts and letters of appointment

Our Company entered into a service contract with each of our executive Directors and a letter of appointment each of our independent non-executive Directors on 9 October 2017. Each of the service contracts and the letters of appointment is for an initial fixed term of three years commencing from the Listing Date.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' remuneration

The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to the Directors for each of the three years ended 30 June 2017 were approximately HK$10.6 million, HK$10.6 million and HK$10.9 million, respectively.

Save as disclosed above, no other payments have been made or are payable by any of member of our Group to any of the Directors during the Track Record Period.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ended 30 June 2018 to be approximately HK$15.7 million, representing an expected increase of approximately 44.0% from HK$10.9 million for the year ended 30 June 2017.

4. Directors' competing interests

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

(a) Save as disclosed in this prospectus, none of the Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(b) Save as disclosed in this prospectus, none of the Directors 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. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on 9 October 2017:

(a) Purpose

(i) The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants (as defined below) have made or may make to our Group.

(ii) The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:

motivate the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and

attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to our Group.

(iii) For the purpose of the Share Option Scheme, "Eligible Participant" means any person who satisfies the eligibility criteria in paragraph (b) below.

(b) Eligible persons

Our Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which our Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to our Group or an Affiliate.

(c) Administration

The Share Option Scheme shall be subject to the administration of our Board or any committee established by our Board from time to time, whose decision (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties thereto.

(d) Determination of eligibility

(i) In order for a person to satisfy our Board that he is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as our Board may request for the purpose of assessing his eligibility (or continuing eligibility).

(ii) Each grant of options to a connected person (as defined in the Listing Rules) of our Company, or any of his associates (as defined in the Listing Rules), must be approved in accordance with the requirements of the Listing Rules.

(iii) Any person whom our Board has resolved to be qualified to become an Eligible Participant must remain eligible during the period when any option granted to him remains outstanding. In assessing such grantee's continuing eligibility under the Share Option Scheme, the requirements set out in paragraph (b) above, and the views, if any, of our independent non-executive Directors shall be given due and careful consideration by our Board.

(iv) Should our Board resolve that a grantee fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under the Share Option Scheme, our Company would (subject to any relevant laws and regulations) be entitled to deem any outstanding option or part thereof, granted to such grantee and to the extent not already exercised, as lapsed, subject to the requirements of paragraph (h) below.

(e) Duration

Subject to paragraphs (n) and (o) below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the effective date of the Share Option Scheme. Upon expiry or termination of the Share Option Scheme, no further options shall be issued but the provisions of the Share Option Scheme shall remain in full force and issued to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

(f) Grant of options

(i) On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time on a business day within 10 years commencing on the effective date of the Share Option Scheme to offer the grant of an option to any Eligible Participant as our Board may in its absolute discretion select in accordance with the eligibility criteria set out in the Share Option Scheme.

(ii) Subject to the provisions of the Share Option Scheme, the Listing Rules and any relevant laws and regulations, our Board may, on a case by case basis and at its discretion when offering the grant of an option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the Share Option Scheme as it may think fit (which shall be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing):

(1) the continuing eligibility of the grantee under the Share Option Scheme, and in particular, where our Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria, the option (to the extent that it has not already been exercised) shall lapse, subject to the requirements of paragraph (h) below;

(2) the continuing compliance of such terms and conditions that may be attached to the grant of the option, failing which the option (to the extent that it has not already been exercised) shall lapse unless otherwise resolved to the contrary by our Board, subject to the requirements of paragraph (h) below;

(3) in the event that the Eligible Participant is a corporation (wherever incorporated or unincorporated), that any change of the management and/or shareholding of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the Share Option Scheme;

(4) in the event that the Eligible Participant is a trust, that any change of the beneficiary of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the Share Option Scheme;

(5) in the event that the Eligible Participant is a discretionary trust, that any change of the discretionary objects of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the Share Option Scheme;

(6) conditions, restrictions or limitations relating to the achievement of operating or financial targets; and

(7) if applicable, the satisfactory performance of certain obligations by the grantee.

(iii) Our Board shall not offer the grant of an option to any Eligible Participant:

(1) after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the relevant requirements of the Listing Rules; or

(2) within the period commencing one month immediately preceding the earlier of:

(1) the date of the 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 any other interim period (whether or not required under the Listing Rules); and

(2) the deadline for our Company to publish an announcement of its result for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(iv) An offer shall be accepted when our Company receives the duly signed offer letter from the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as our Board may determine) in favour of our Company as consideration for the grant thereof. Such remittance shall in no circumstances be refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Eligible Participant.

(v) Without prejudice to this paragraph (f) any grant of options to any Director, chief executive or Substantial Shareholder or any of their respective associates shall be approved by our independent non-executive Directors (excluding any independent non-executive Directors who is a proposed grantee). Where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of grant:

(1) representing in aggregate over 0.1% of the Shares in issue; and

(2) having an aggregate value, based on the closing price of the Shares as at the date of each grant, in excess of HK$5 million,

such further grant of options shall be approved by the Shareholders. Our Company shall send a circular to the Shareholders containing the information required under Rule 17.04 of the Listing Rules. The relevant grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on poll in accordance with the Listing Rules.

(g) Exercise price of the Shares

The exercise price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to each grantee (in the letter containing the offer of the grant of the option) and shall not be less than the highest of:

(i) the nominal value of a Share on the date of a grant;

(ii) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day; and

(iii) the amount equivalent to the average of the closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

The subscription price shall also be subject to adjustment in accordance with paragraph (l) below.

(h) Exercise of options

(i) Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of the grant thereof at any time within the period to be notified by our Board to each grantee which our Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the date of the grant of the option, in accordance with paragraph (f) (iv) above.

(ii) Subject to sub paragraph (i) above, an option shall be exercised in whole or in part by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. Any notice given without such relevant remittance shall be invalid.

(iii) An option shall be personal to the grantee and shall not be assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option.

(iv) Subject to sub-paragraph (vi) below and any condition, restriction or limitation imposed in relation to the particular option pursuant to the provisions of paragraphs (f), (j) or (k), any relevant laws and regulations and subject as hereinafter provided, an option may be exercised at any time during the option period, provided that:

(1) if the grantee (being an individual) dies before exercising an option in full, his legal representative(s) may exercise the option up to the grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within a period of 12 months following his death or such longer period as our Board may determine;

(2) subject to sub-clauses (3) and (4) below, in the event of the grantee who is an employee ceasing to be an employee for any reason other than his death, disability as defined in the Share Option Scheme ("**Disability**") or the termination of his employment on one or more of the grounds specified in paragraph (i)(vi) below, the grantee may exercise the option (to the extent exercisable as at the date of the relevant event and not exercised) within 30 days following such cessation;

(3) where the grantee is an employee, director, consultant, professional, agent, partner, advisor of or contractor to our Group or its Affiliate at the time of the grant of the relevant option(s) and his employment or service to our Company is terminated on the ground of Disability, the grantee may exercise the option (to the extent exercisable as at the date on which such grantee ceases to be an employee, director, consultant, professional, agent, partner, advisor of or contractor to our Group or its Affiliate and not exercised) within 6 months following such cessation or such longer period as our Board may determine;

(4) where the grantee is an employee at the time of the grant of the relevant option(s), in the event that such grantee shall cease to be an employee but becomes, or continues to be, a consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate, then the option (to the extent exercisable as at the date on which such grantee ceases to be an employee and not exercised) shall be exercised within 3 months following the date of such cessation or such longer period as our Board may determine;

(5) where the grantee is an employee at the time of the grant of the relevant option(s), in the event that such grantee shall cease to be an employee but becomes, or continues to be, a director of our Group or an Affiliate, then the option(s) (to the extent exercisable as at the date on which such grantee ceases to be an employee and not exercised) granted prior to the date of his becoming a director of our Group or its Affiliate shall remain exercisable until its expiry in accordance with the provisions of the Share Option Scheme and the terms and conditions upon which such option(s) is granted unless our Board shall determine to the contrary;

(6) in the event of the grantee, who is a director, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate but not an employee, ceasing to be a director, consultant, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a grantee being an individual) or Disability (in the case of a grantee being a director or consultant of our Group or its Affiliate), the option (to the extent exercisable as at the date of such cessation and not exercised) shall be exercised within 30 days following the date of such cessation or such longer period as our Board may determine;

(7) if a general offer (whether by way of takeovers offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional within the meaning of the Hong Kong Code on Takeovers and Mergers, the grantee shall be entitled to exercise the option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not already exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers);

(8) in the event notice is given by our Company to the Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not

exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise; and

(9) if a compromise or arrangement between our Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company shall give notice thereof to all grantees on the same date it gives notice of the meeting to all members or creditors of our Company to consider such scheme of arrangement, and thereupon each grantee may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof.

(v) The Shares to be allotted and issued upon exercise of an option shall be subject to all the provisions of the Articles of Association as at the allotment date and shall rank *pari passu* in all respects with the existing fully-paid Shares in issue on the allotment date, and accordingly shall entitle the holder to participate in all dividends or other distributions paid or made after the allotment date, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the allotment date. Any Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of our Company as the holder thereof.

(vi) Without prejudice to the generality of the foregoing, the grantee may only exercise an option subject to any restrictions as may be reasonably imposed by our Board from time to time with a view to ensure or facilitate compliance with any relevant laws, mandatory rules and/or regulations binding on our Company, particularly those relating to insider dealing and other prohibitions under the Listing Rules.

(i) Lapse of options

An option (to the extent not already exercised) shall lapse and not be exercisable on the earliest of:

(i) the expiry of the exercise period;

(ii) the expiry of any of the periods referred to in sub-paragraph (h)(iv)(1), (2), (3), (4), (5), (6) and (7) above;

(iii) subject to sub-paragraph (h)(iv)(8) above, the date of the commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (h)(iv)(9);

(v) the date on which the grantee who is an employee ceases to be an employee by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty. A resolution of our Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (i)(v) shall be conclusive and binding on the grantee;

(vi) the happening of any of the following events, unless otherwise waived by our Board:

(1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the grantee (being a corporation);

(2) the grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies Ordinance or any similar provisions under the Companies Law) or otherwise become insolvent;

(3) there is unsatisfied judgment, order or award outstanding against the grantee or our Company has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;

(4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in subparagraphs (1), (2) and (3) above;

(5) a bankruptcy order has been made against the grantee or any director of the grantee (being a corporation) in any jurisdiction; or

(6) a petition for bankruptcy has been presented against the grantee or any director of the grantee (being a corporation) in any jurisdiction;

(vii) the date on which a situation as contemplated under paragraph (h)(iii) arises;

(viii) the date on which the grantee commits a breach of any terms or conditions attached to the grant of the option, unless otherwise resolved to the contrary by our Board; or

(ix) the date on which our Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to paragraph (f)(ii)(1) above.

(j) Maximum number of Shares available for subscription

(i) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of our Company from time to time. No options may be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the said 30% limited being exceeded.

(ii) The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the issued share capital of our Company as at the Listing Date (the "**Scheme Mandate Limit**") unless approved by the shareholders of our Company pursuant to subparagraph (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(iii) The Scheme Mandate Limit may be renewed by the Shareholders of our Company in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the issued share capital of our Company as at the date of approval of such renewal by the Shareholders in general meeting. Upon such renewal, all options granted under the Share Option Scheme and any other share options schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to the Shareholders of our Company containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought.

(iv) Our Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to the Shareholders containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.

(v) No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any twelve-month period up to and including the date of such grant exceeding 1% in aggregate of the issued share capital of our Company as at the date of such grant. Any grant of further options above this limit shall be subject to certain requirements provided under the Listing Rules.

(vi) The maximum number of Shares referred to in subparagraph (i) shall be adjusted, in such manner as our Company's auditors or our Company's independent financial adviser shall certify as fair and reasonable in accordance with paragraph (l) below.

(k) Cancellation of options

Our Board shall have the absolute discretion to cancel any options granted at any time if the grantee so agreed provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available but unissued Shares in the authorised share capital of our Company, and available ungranted options (excluding for this purpose all cancelled options) within the limits referred to in paragraph (j) above.

(l) Reorganisation of capital structure

(i) In the event of any alteration in the capital structure of our Company while any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in:

(1) the number or nominal amount of Shares subject to the outstanding options;

(2) the exercise price;

(3) the maximum number of Shares referred to in paragraph (j) above; and/or

(4) the method of exercise of the options.

Any adjustments required under this clause must give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled, but no such adjustments may be made to the extent that Shares would be issued at less than their nominal value or (unless with prior approval from the Shareholders in general meeting) to the extent that such adjustments are made to the advantage of the grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser appointed by our Company or the auditors appointed by our Company must confirm to our Directors in writing that the adjustments satisfy the requirements set out in this paragraph (l).

(ii) The costs of the auditors or the independent financial adviser appointed by our Company relating to the Share Option Scheme shall be borne by our Company.

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

(m) Alteration of the Share Option Scheme

(i) The Share Option Scheme may be altered in any respect by a resolution of our Board, except that the following shall not be carried out except with the prior approval of the Shareholders in general meeting:

(1) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;

(2) any alteration to the provisions of the Share Option Scheme in respect of the matters set out in Rule 17.03 of the Listing Rules (or any other relevant provisions of the Listing Rules from time to time applicable) to the advantage of grantees or prospective grantees; or

(3) any change to the authority of our Directors or Share Option Scheme administration in relation to any alterations to the terms of the Share Option Scheme,

provided always that the amended terms of the Share Option Scheme shall comply with the relevant provisions of the Listing Rules as may be amended from time to time.

(ii) Subject to this paragraph (m), our Board may at any time alter, amend or modify the terms and conditions of the Share Option Scheme such that the provisions of the Share Option Scheme would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by our Board to implement the terms of the Share Option Scheme.

(n) Conditions precedent of the Share Option Scheme

(i) The Share Option Scheme shall take effect subject to the passing of the necessary resolution to adopt the Share Option Scheme by the Shareholders in a special general meeting and is conditional upon:

(1) the Stock Exchange granting approval for the listing of and permission to deal in any Shares to be issued and allotted by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and

(2) the commencement of the dealings in the Shares on the Stock Exchange.

(ii) If any of the above conditions is not satisfied on or before Thursday, 16 November 2017 (or such later date as the shareholders of our Company may agree), the Share Option Scheme shall

(1) forthwith terminate;

(2) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(3) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

(iii) References in sub paragraph (i)(1) to the Stock Exchange granting the approvals, listing and permission referred to therein shall include where such approvals, listing and permission are granted subject to conditions.

An application has been made to the Listing Committee to the Stock Exchange for the listing of, and permission to deal in, the new Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

As of the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Share Option Scheme.

Our Company will disclose in the annual and interim reports details of the Share Option Scheme including the number of options granted/exercised/cancelled/lapsed, date of grant, vesting period, exercise period and exercise price during the relevant financial year/period in accordance with the Listing Rules in force from time to time.

(o) Termination

Our Company may by a resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme. Upon expiry or termination of the Share Option Scheme, no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options complying with the provisions of the Listing Rules which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be valid and exercisable subject to and in accordance with their terms of issue after the termination of the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Tax and other indemnities

Our Controlling Shareholders have entered into a Deed of Indemnity in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being a contract referred to in the paragraph headed "B. Further Information About Our Business — 1. Material contracts" in this appendix) to provide indemnities on a joint and several basis in respect of, among other things:

(a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the Share Offer becomes unconditional;

(b) any liabilities and penalties which may arise as a result of any work injuries, outstanding litigations (including criminal litigations), claims, and non-compliances of our Group on or before the date on which the Share Offer becomes unconditional; and

(c) all claims, losses (including operating losses and any loss of revenue), liabilities, damages, costs, charges, fees, expenses (including relocation cost), fines suffered or incurred by any of our Group members as a result of or in connection with, amongst others, any dispute as to the rights to lease and use of our Shenzhen Factory by us as tenant.

The Controlling Shareholders will, however, not be liable under the Deed of Indemnity, in relation to item (a) above, to the extent that, among others:

- provision has been made for such liability in the audited consolidated accounts of our Company or any member of our Group for the Track Record Period;
- the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- the taxation liability arises in the ordinary course of business of any member of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the Share Offer becomes unconditional.

3. Sponsor's fees

The Sponsor will receive a fee of HK$4.5 million for acting as the sponsor for the Listing.

4. Qualification of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in, or referred to in, this prospectus (the "**Experts**") are set out below:

Name	Qualifications
Kingsway Capital Limited	Licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified Public Accountants
Beijing Dentons Law Offices, LLP (Shenzhen)	PRC legal advisers
Appleby	Legal advisers as to Cayman Islands law
Frost & Sullivan International Limited	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Mr. Dixon Co	Barrister-at-law in Hong Kong
Ernst & Young Tax Services Limited	Tax advisor

5. Consents of experts

Each of the Experts has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

6. Interests of experts

None of the Experts has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

None of the Experts has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. No amount or benefit has been paid or given within the two years immediately preceding the date of this prospectus or intended to be paid or given to any promoter.

8. Preliminary expenses

The preliminary expenses incurred by our Company relating to the incorporation of our Company are approximately HK$55,617 and were paid by our Company.

9. Binding effect

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

10. Bilingual prospectus

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

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 any member of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

  (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group; and

  (iii) no commission (except commission to sub-underwriters) has been paid or payable to any person for subscribing, agreeing to subscribe, or procuring or agreeing to procure subscription, for any shares in or debentures of our Company.

(b) Save as disclosed in this prospectus, no share or loan capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option.

(c) Save as disclosed in this prospectus, no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

(d) Save as disclosed in this prospectus, our Company has no outstanding convertible debt securities or debentures.

(e) Save as disclosed in this prospectus, there is no arrangement under which future dividends are waived or agreed to be waived.

(f) Save as disclosed in this prospectus, there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration are (i) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 5. Consents of experts" in this prospectus; and (iii) a copy of each of the material contracts referred to in "Appendix IV — Statutory and General Information — B. Further Information about our Business — 1. Material contracts" in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Deacons on 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(i) the Memorandum of Association and the Articles of Association of our Company;

(ii) the Accountants' Report prepared by Ernst & Young, the text of which is set forth in Appendix I to this prospectus;

(iii) the audited consolidated financial statements of our Group for each of the three years ended 30 June 2015, 2016 and 2017;

(iv) the report from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(v) the fair rent opinion letters prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited;

(vi) the letter of advice prepared by Appleby, our legal advisers as to Cayman Islands laws, summarising certain aspects of the Cayman Companies Law referred to in Appendix III to this prospectus;

(vii) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about our Business — 1. Material contracts" in Appendix IV to this prospectus;

(viii) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about our Directors and Chief Executive and Substantial Shareholders — 2. Directors' service contracts and letters of appointment" in Appendix IV to this prospectus;

(ix) the written consents referred to in the section headed "Statutory and General Information — E. Other Information — 5. Consents of experts in Appendix IV to this prospectus";

(x) the Frost & Sullivan Report;

(xi) the PRC legal opinions issued by Beijing Dentons Law Offices, LLP (Shenzhen), our PRC Legal Advisers, relating to our business operations and property interests in the PRC;

(xii) the legal opinions by the Legal Counsel;

(xiii) the Cayman Companies Law;

(xiv) the rules of the Share Option Scheme; and

(xv) the letter of advice prepared by our Tax Advisor.

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