

## RISK FACTORS

*You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making any investment decision in relation to our Company. Our business, financial condition or results of operations could be materially and adversely affected by any of the risks and uncertainties described below. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that our Company deems immaterial, could also harm our business, financial conditions and results of operations. The trading prices of the Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.*

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

**Our revenue was completely dependent on our commission for our derivatives brokerage services, of which a large proportion was generated from a limited number of customers. Any significant decrease in the number of contracts or notional value traded by our major customers will materially and adversely affect our financial condition and results of operations**

During the Track Record Period, our Group derived all revenue from commission income. For the three years ended 31 March 2016, 2017 and 2018, our Group's commission income was approximately HK\$60.2 million, HK\$59.8 million, and HK\$76.8 million respectively. Our Directors expect that the commission income will continue to be our Group's main source of revenue in the future.

In addition, a large proportion of our revenue was derived from a limited number of customers during the Track Record Period. Revenue attributable to our top 10 customers accounted for 64.4%, 65.6%, and 72.3% of our total revenue for the three years ended 31 March 2016, 2017, and 2018 respectively. As these customers do not have any binding long-term commitments with our Group, there is no assurance that our major customers will continue to use our brokerage services at the same level of trading volume in the future. If there is a significant decrease in the number of contracts or the notional value traded by our major customers, and our Group is unable to secure suitable customers of a comparable order size, our financial condition and results of operations would be materially and adversely affected.

In addition, in the event that our major customers experience any liquidity problem, this may result in delay or default of payments to us, in which case the business, financial positions and prospects of our Group could be materially and adversely affected.

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### **Our Group may not be able to maintain our brokerage commission rate charged to our customers and the result of which may adversely affect our financial performance and results of operations**

During the Track Record Period, our Group did not offer monthly-fixed-charge plans or commission ceiling plans to our customers. Our commissions charges were market rates arrived at after arm's length negotiations among our Group and our customers on normal commercial terms, and taken into account of the complexity of the trade combinations we could source and execute or match for our customers.

Our customers may occasionally request us to provide a better offer such as a lower brokerage commission rate. In consideration of whether to provide a better offer to our customers, our Group would in general take into account of (i) whether such customers will increase their orders to compensate the reduction of brokerage commission rate; (ii) the past level of business with such customers; and (iii) the prevailing market conditions and the competition environment. In the event that we lower our brokerage commission rate to our customers and the trading volume from such customers remains unchanged or decreases after such adjustment, our financial performance and results of operations will be materially and adversely affected.

### **Unfavourable investor sentiment in the derivatives market could materially and adversely undermine our customers' performances and subsequently affect our financial performance, results of operations and prospects**

Our customers are mainly investment banks, market makers and funds. Their sentiment in the derivatives market is highly dependent on global and local market conditions. Low turnover or low volatility in the market may materially and adversely influence investor sentiment and subsequently affect our financial performance, results of operations and prospects.

### **If our Group is unable to compete effectively against our competitors, our financial performance and results of operations may be materially and adversely affected**

The industry of interdealer brokerage of derivatives in Hong Kong is highly concentrated with intense competition. Our Group has to compete against our competitors who have greater brand recognition in the market, stronger human and financial resources, a wider range of services and longer operating histories than our Group. There is no assurance that our Group will be able to maintain our competitive strengths by responding to the rapidly changing business environment or to capture new market opportunities. Any intensified competition may result in further downward pressure on brokerage commission rate and fees charged for the services provided by us, which in turn may erode our market share and have material and adverse impact on our profitability and results of operations.

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### **Our business operations are dependent on the services provided by our clearing brokers and execution brokers and any interruption may have material adverse impact on our operations**

Our business operations are heavily dependent on our service providers, including but not limited to our clearing brokers and our execution brokers. Our Group generally relies on our clearing brokers to clear and settle all trade orders executed by us directly under our own trading rights as a HKFE Exchange Participant. Our Group also relies on our execution brokers to execute trade orders of derivatives for which our Group does not possess the relevant trading rights. Our Group cannot assure that our clearing brokers and execution brokers would not default on their obligations to us as a result of human errors or any other reasons. If our clearing brokers or execution brokers fail to take our instructions and allocate the trading positions to our customers in a timely manner, our customers may refuse to acknowledge the trade and refuse to settle the payment for the trade order, in such event our Group may have to bear all risks and costs with respect to that trade order executed by us.

In addition, De Riva faces the risks of any operational failure or termination of cooperation by any of the exchanges, banks, or other institutions our Group engaged to facilitate our transactions, which would materially and adversely affect our ability to execute trade orders on behalf of our clients as our Group may not be able to find a replacement in a timely manner. Any disputes or difficulties in cooperating with these institutions could materially and adversely affect our business operations.

During the Track Record Period, the right of De Riva to access the HKATS had been suspended and therefore De Riva was not allowed to trade on the Futures Exchange in the afternoon session of 23 December 2015 as a result of not having a valid General Clearing Participant to clear the trade orders for us. Such suspension was due to an error of one of our service providers and had been lifted on 24 December 2015. For details, please refer to the section headed "Business — Our business strategies — To apply for becoming a Clearing Participant" in this document.

In addition, during the Track Record Period, there was a material error trade that resulted in an aggregate loss of approximately HK\$1.8 million. As confirmed by our Directors, the error trade incident was partly attributable to the misunderstanding between our Group and our execution broker. For details of the error trade incident, please refer to the section headed "Business — Internal control — Error trade" in this document.

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### **Our business depends on the continuing efforts of our executive Directors, key senior management and employees**

Our business depends on the continued services of our executive Directors, key senior management and employees. Our executive Directors, together with the support of our senior management team, are principally responsible for managing our daily operations. In particular, the experience and customer networks contributed by our key executives have played a crucial role in building our success and reputation to date. Therefore, our success is, to a significant extent, attributable to our executive Directors and senior management team. For details, please refer to the section headed "Business — Our competitive strengths — Experienced and competent senior management with strong customer base" in this document.

Our ability to compete in the existing market and expand into new market or develop new business line also depends on our ability to retain competent personnel, especially the Licensed Representatives whose established customer network and rich industry know-how have allowed us to effectively expand our customer base to date. Given that the competition for competent personnel in the industry is intense, our Group may not be able to attract or retain the services of key personnel for our business in the future. If our Group loses any key senior management or key personnel, there is no assurance that our Group will be able to find suitable replacements in a timely manner, or at all. These personnel may join our competitors which may further intensify market competition. As a result, our operations, prospects and profitability could be materially and adversely affected. Our inability to recruit or retain competent personnels would limit the capacity of our trading team, affect the commercial soundness of our decisions and reduce the effectiveness of our risk identification and control, thereby adversely affecting the performances of business operations.

### **Our operations may be disrupted if our Group fails to maintain sufficient number of Responsible Officers as required by the SFC**

As at the Latest Practicable Date, De Riva had three Responsible Officers. Under the licensing requirements of the SFO, De Riva must at all times maintain at least two Responsible Officers for each of the regulated activities. De Riva may be exposed to operational disruptions should two or more of our Responsible Officers resign or cannot carry out their duties for a prolonged period due to any reasons and that De Riva fails to find suitable replacement in a timely manner. This may result in temporary suspension of the licence or imposition of additional licensing conditions and eventually cessation of our business operations. The occurrence of such event will materially and adversely affect our business and results of operations.

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### **Our operations will be materially and adversely affected if our Group fails to obtain or maintain or renew licences and permits necessary for our business operations**

Our business and continuing operations depend upon obtaining and maintaining the necessary approvals, licences and permits granted by regulatory authorities. Please refer to the section headed "Regulatory overview — A. Rules and regulations with regards to Hong Kong" in this document for further details. Our Group is required to comply with the relevant regulatory requirements and licensing conditions prescribed by regulatory authorities, such as the "fit and proper" requirements with respect to our Responsible Officers and Licensed Representatives, financial resources requirements, risk management, corporate governance, professional staff, corporate structure and compliance operations. Our compliance obligations will be subject to scrutiny in particular when our Group applies for approvals, licences or permits for conducting new business lines or offering new products. If our Group fails to continuously comply with such requirements, our Group may encounter the risks of being sanctioned by the regulatory authority, imposed of additional licensing conditions, or in the extreme case, disqualified for our existing business or rejected for renewal of our qualifications upon expiry by the regulatory authorities.

In respect of any new business lines that our Group contemplates to develop, there is no assurance that our Group will be able to obtain the relevant approvals, licences or permits before our Group launches such new business or product, as our Group may not possess the required qualification or resources to comply with the relevant regulations. As a result, our Group may fail to develop our new business as planned or may fall behind our competitors in such business or lose our existing customers.

### **Our Group's liquidity and financial position may be adversely affected if our customers default in, or delay, their payment obligations**

Our customers are all Professional Investors as defined under the SFO, including funds, investment banks and market makers. Our Group generally allows a credit period of 30 days to our trade receivables. Before accepting any new customer, our Group will assess the potential customer's credit quality and determines its credit limits. Credit limits are made to customers with a satisfactory trustworthy credit history. Our trade receivables turnover days were approximately 78.5 days, 94.7 days, and 87.2 days as at 31 March 2016, 31 March 2017, and 31 March 2018 respectively, which are longer than the credit period of 30 days our Group granted to our customers, mainly due to the long internal procedure for the settlement of the commission payment of our customers. Our Group's collection process is often time-consuming and administratively cumbersome. Our Group cannot assure that our customers in the future will not subsequently default in, or delay, their payment obligations. In the event that our Group's customers default in all or a substantial portion of their payment obligations to our Group, our Group's financial condition will be materially and adversely affected.

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### **Our Group is subject to extensive regulatory requirement, non-compliance with which, or changes in these regulatory requirements, may affect our business operations and financial results**

The industry in which De Riva is operating is highly regulated. Our business and operations are subject to a number of laws and regulations relating to the securities and financial services industry, including the SFO, the subsidiary legislations of the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Takeovers Code, the GEM Listing Rules, the Stock Exchange Trading Rules, the AMLO, and other codes and guidelines published by the regulators from time to time. These laws and regulations set out the licensing requirements, regulate our operational activities and standards, and impose the ongoing requirements to maintain minimum liquid capital requirement and other filing and reporting obligations relevant to our business operations. Please refer to the section headed “Regulatory overview — A. Rules and regulations with regards to Hong Kong” in this document for details. Our compliance obligation may be subject to scrutiny when our Group applies for approvals, licences, or permits for conducting new business and/or offering new services. In case our Group fails to comply with the applicable rules and regulations, it might result in fines, or even suspension or revocation of some or all of our licences for carrying on our business activities. There might be changes in rules and regulations and regulatory initiatives from time to time in response to the changing regulatory and market environments. Any such changes or initiatives might result in an increase in our cost of compliance and our liquid capital requirements. It might also restrict our business activities or future expansion. Accordingly, our cost of operations might be materially and adversely affected by any change in regulatory environment.

### **We may be unable to maintain our current level of growth and implement our future plans**

Our revenue for the year ended 31 March 2018 was approximately HK\$76.8 million, representing an increase of approximately 27.5% compared with that of approximately HK\$60.2 million for the year ended 31 March 2016. Our future business growth beyond our current level of growth primarily depends on the successful implementation of our business objectives, business strategies and future plans (for further details, please refer to the sections headed “Future plans and [REDACTED]” and “Business — Our business strategies” of this document). Our business strategies and future plans are based on current assumptions and intentions of our Directors and are subject to uncertainties and risks. We may be unable to achieve the anticipated growth and expansion of our business due to factors beyond our control. As such, there is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in expected achievement of our objectives. Our business, operating results and financial position may be materially and adversely affected if our business objectives are not achieved.

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**Our Group is subject to regulatory inspections from time to time. Any sanctions, disciplinary actions taken against or penalties imposed on De Riva or the relevant Director or staff personnel will negatively affect our reputation and may materially and adversely impact our business prospects and financial results**

Our Group is also subject to regulatory inspections from time to time.

During the Track Record Period, the SFC conducted a review on the regulated activities of De Riva, following which it made certain observations in respect of internal control-related issues. Please refer to the section headed "Business — Internal control — SFC inspection" in this document for further details. De Riva is required to fully cooperate with and respond to enquiries of the SFC from time to time, which may require the devotion of time and resources and will increase our cost of compliance.

With respect to SFC investigations, our Group may be subject to secrecy obligations under the SFO whereby our Group may not be permitted to disclose certain information relating to the investigations. Unless our Group is specifically named as the party that is being investigated under a SFC investigation, our Group generally does not know whether De Riva and/or any of its Directors, Responsible Officers, Licensed Representatives or staff is the subject of the investigation. If the results of inspections or investigations reveal misconduct, the SFC may take disciplinary actions (such as revocation or suspension of licences, public or private reprimand or imposition of pecuniary penalties) against De Riva or the relevant staff. Any sanctions, disciplinary actions taken against or penalties imposed against De Riva or the relevant Director or staff personnel will negatively affect our reputation and may materially and adversely impact our business prospects and financial results.

**Our business operations may be materially and adversely affected if any of our customers being under the definition of "professional investor" in the SFO are unable to continue fulfilling the requisite requirements of being a professional investor**

De Riva's operating licence requires it to only provide brokerage services to professional investors as defined in the SFO. According to the Code of Conduct, De Riva is exempted from complying with certain requirements set out in the Code of Conduct when providing services to Professional Investors if De Riva has complied with the assessment requirement set out in the Code of Conduct.

If De Riva fails to comply with the assessment requirements in screening our new customers as set out by the Code of Conduct for Professional Investors or if any of our customers fails to continue to fulfil the requisite requirements of being a Professional Investor during the annual confirmation exercise carried out by De Riva, the SFC may require De Riva to cease its services provided to its customers which may materially and adversely affect our Group's financial condition and results of operations. In any event if De Riva fails to comply with the requirement, breaches the Code of Conduct or provides services to non-professional investors, De Riva may be subject to severe consequences and penalties, including cessation of our services, suspension or revocation of our licence. Any changes to the relevant rules and requirements set out in the Code of Conduct in relation to the performing of such compliance duties may also materially affect our operating costs.

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### **Misconduct of our staff could harm our reputation and business and is difficult to detect and deter**

While our Group has internal control and compliance procedures in place which are designed to prevent and mitigate the risk of fraud, illegal act or misconduct of our Directors, Licensed Representatives, customers or other third parties, our Directors cannot assure that our Group would be able to effectively prevent the incurrence of misconduct, which may involve, among others:

- the carrying on of unauthorised activities resulting in unknown and unmanaged risks or losses;
- improperly using or disclosing confidential or price-sensitive information;
- improper manipulation of prices of futures or options products;
- knowingly making recommendations in respect of futures and options products that are not suitable for customers; and
- engaging in fraudulent acts or otherwise not complying with applicable laws or regulations or our internal control procedures.

While there had not been any formal disciplinary action or reprimand against any of our Directors, Responsible Officers and/or Licensed Representatives over the Track Record Period and up to the Latest Practicable Date, there is no assurance that they or any of them will not commit incidents of fraud or other misconduct in the future or that the precautions our Group takes to prevent and detect such fraud or misconduct would be effective.

Depending on the nature of the misconduct, our Group and/or the relevant staff may suffer from adverse publicity and reputational damage and/or become subject to disciplinary actions, regulatory sanctions, penalties, potential lawsuits and risk of suspension or revocation of licence(s). Our Group may also need to incur costs to commence and participate in legal proceedings to recover any material loss suffered by us from the relevant staff, if any. Therefore, any incidence of fraud or misconduct may materially and adversely affect our business, financial condition and results of operations.

### **Our profitability will be affected by any material market fluctuation during our facilitation process**

During the Track Record Period, when providing our brokerage services, some of the trade orders may have mismatches between the trading parties in terms of price and/or quantity. Our desk managers might approve to facilitate the trade order by filling in the mismatch on the condition that the estimated facilitation cost could be acceptable by our Group and generally profit could be secured by the commission generated from the trade order. However, our Group cannot guarantee that every facilitation conducted by our Group is profitable as our facilitation requires our Group to acquire trading positions directly from the market, which is subject to market risk. In the event that our estimated



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facilitation costs differ substantially from the actual facilitation costs due to changes in market conditions, our Group might not be able to recover any profits from the commission generated from the trade order. We also cannot guarantee that our Group could immediately close out all trading positions we acquire for the purpose of facilitation as the closing out of our trading positions may also be subject to market conditions. Further details in relation to facilitation are set out in the section headed "Business — Operating procedures — Facilitation" in this document.

For each of the three years ended 31 March 2016, 31 March 2017, and 31 March 2018, the error and facilitation expenses accounted for HK\$2.8 million, HK\$3.4 million and HK\$2.1 million respectively. In the event that our Group fails to close the trading positions on time or at a reasonable price, our profitability may be materially and adversely affected.

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

Our derivatives brokerage services are dependent on our ability to accurately execute and monitor a larger number of transactions, which involves complicated operational procedures and requires stable performance of our trading system. There is no assurance that our Group will not experience any human errors in processing our customers' instructions, for instance, input of incorrect derivatives name, quantity of the transaction or incorrect buy/sell order, or incorrect input of customers' account number. During the Track Record Period, there was an error trade that resulted in an aggregate loss of approximately HK\$1.8 million, of which approximately HK\$0.7 million loss was recognised for the year ended 31 March 2016 and HK\$1.1 million loss was recognised for the year ended 31 March 2017. For details of our error trade incidents, please refer to the section headed "Business — Internal control — Error trade" in this document.

Any loss suffered by our Group resulting from error trades would be borne by our Group. In the event that the error trades are not effectively prevented or controlled, or rectification measures could not cover the loss incurred, our Group may be subject to material loss and the financial conditions and results of operation of our Group could be adversely affected.

**Our brokerage services are dependent on our trading infrastructure, any system failure or cyber-attacks may adversely affect our operations and may lead to our Group losing customers**

Our operations depend on the secured processing, storage and transmission of confidential and other information in our computer systems and networks and our Group is vulnerable to unauthorised access such as cyber-attacks, computer viruses or other malicious programs and other events that could lead to a security breach. There is no assurance that our information technology infrastructure will be adequate to prevent all types of unauthorised access such as a cyber-attack, computer viruses or other malicious programs and other events that could disrupt our information technology and operating systems. The occurrence of one or more such events could jeopardise the confidentiality of

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information processed, stored in and transmitted through our computer systems and networks or otherwise disrupt our operations, which could result in reputational damage, litigation and financial loss.

Our trading, financial, accounting, data processing or other operating systems and facilities may also fail to operate properly or become disabled as a result of events which are wholly or partially beyond our control, such as human error, natural disasters, power failures, computer viruses, cyber-attacks, spam attacks, unauthorised access and data loss or leakage. Our Group also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing brokers or other financial intermediaries that our Group uses to facilitate securities transactions. Any operational failure or termination of the financial intermediaries that our Group uses could adversely affect our ability to execute transactions, service our customers and manage our exposure to risk.

In addition, the derivatives brokerage industry is characterised by rapidly changing technology and competition in terms of speed and efficiency in trade execution. If our Group is unable to maintain the competitiveness of our information technology system, in particular in devoting adequate resources in maintaining sufficient bandwidth capacity in our network connections to meet the trading demands of our customers, our Group may lose customers as a result of prolonged or delayed trade execution.

### **Our Group is exposed to the risk of failure to detect illegal or improper activities including money laundering and counter-terrorist financing activities**

Our Group is required to comply with applicable anti-money laundering and counter-terrorist financing laws regulations and guidelines in Hong Kong. These laws and regulations require licensed corporations to establish sound internal control policies and procedures to monitor, report and curtail money laundering and terrorist financing activities. Such policies and procedures require our Group to, among other things, establish a customer identification system in accordance with relevant rules, keep customers' information, record details of customer activities and report suspicious transactions to relevant authorities.

While these policies have been adopted and procedures aiming at detecting and preventing our Group from facilitating money laundering activities and terrorist acts are in place, in light of the complexity of money-laundering activities and other illegal or improper activities, such policies and procedures may not completely eliminate the possibility of our Group being utilised by other parties to engage in money laundering and other illegal or improper activities.

To the extent that our Group fails to fully comply with the applicable anti-money laundering and counter-terrorist financing laws, regulations and/or guidelines, the SFC may impose fines and other penalties on us and our Group may suffer from reputational risks and loss of confidence from our customers; in particular where they form the perception that our Group is being used to facilitate money laundering or carry out other illegal or improper activities. Our business, results of operations and financial condition may be materially and adversely affected as a result.

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### **Our expansion plans may not materialise in accordance with the timetable or at all and the cost saved by becoming a Clearing Participant may not materialise**

As set out in the section headed "Business — Our business strategies" in this document, our Group intends to (i) apply for becoming a Clearing Participant; (ii) expand our OTC product coverage; and (iii) expand our office premises to accommodate the expansion of our business operations; and (iv) reinforce our human resources management to effectively attract, incentivise and retain talented professionals.

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

### **There is no guarantee that our Group will declare dividends in the future and past dividends should not be used as a reference for our future dividend policy**

A dividend of approximately HK\$0.9 million for the year ended 31 March 2015 and HK\$4.0 million for the year ended 31 March 2016 was declared on 17 June 2015 and 29 March 2017 respectively to the then shareholders of De Riva, which was fully settled in cash by internal resources in June 2015 and April 2017 respectively. Other than the above, no dividend has been paid or declared by other companies comprising our Group during the Track Record Period and up to the Latest Practicable Date.

Our Group's future ability to pay dividends will depend on whether our Group is able to generate sufficient earnings. Dividend is proposed by our Board at its discretion and is subject to our Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial condition, future prospects and other factors which our Board may determine as important. Please refer to the section headed "Financial information — Dividends" in this document for more information. As a result, there can be no assurance on whether, when and in what form our Group will pay dividends in the future.

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

Under prevailing Hong Kong laws and regulations, the profits generated by De Riva, our key operating subsidiary, is subject to taxation in Hong Kong. There is no assurance that the prevailing tax laws and regulations in Hong Kong (including profit tax rate) will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may have an adverse impact on our business operations and our financial results.

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### RISKS RELATING TO THE [REDACTED]

**There has been no prior public market for the Shares, and their liquidity and market price following the [REDACTED] may be highly volatile**

Prior to the [REDACTED], there has been no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop or be sustained upon completion of the [REDACTED].

The market price and trading volume of the Shares may be highly volatile. Factors such as variations in our income, earnings or cash flows, and/or announcements of new investments and strategic alliances could cause the market price of the Shares to change substantially. Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There is no assurance that these developments will or will not occur in the future and it is difficult to quantify the impact on us and on the trading volume and market price of the Shares. In addition, the Shares may be subject to changes in the market price which may not be directly related to our financial or business performance.

### **Potential investors could face dilution as a result of future equity financings**

Our Group will comply with Rule 17.29 of the GEM Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Group (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the [REDACTED]. Our Group may raise additional funds to finance the future expansion of our existing operations or future acquisitions by way of issuance of new equity or equity-linked securities of our Group other than on a pro-rata basis to existing Shareholders after six months from the [REDACTED], in which case the percentage shareholding of the then Shareholders may be diluted or reduced or such new securities may confer rights and privileges that have priority over those conferred by the issued Shares.

### **Future sales or perceived sales or conversion of substantial amounts of our securities in the public market could have a material and adverse effect on the prevailing market price of our Shares**

There is no assurance that our substantial Shareholders or Controlling Shareholders will not dispose of the Shares held by them after the lock-up period. Our Group cannot predict the effect, if any, that any future sales of the Shares by any substantial Shareholder or Controlling Shareholder may have on the market price of the Shares. Sale of a substantial amount of our Shares by any of them, or the market perception that such sale may occur, could materially and adversely affect the prevailing market price of the Shares.

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**Some facts, forecasts and statistics contained in this document with respect to Hong Kong and overseas and their economies and securities markets are derived from various official or third-party sources and may not be accurate, reliable, complete or up-to-date**

Facts, statistical and forecast information relating to the capital market of Hong Kong and overseas contained in this document have been compiled from various publicly available official governmental sources and the market research report prepared by International Monetary Fund. While our Group has taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] or any of our or their respective affiliates or advisers or any other parties involved in the [REDACTED], and, therefore, our Group cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside Hong Kong. Such facts, forecasts and statistics include the facts, forecasts and statistics used in "Summary", "Risk factors", "Industry overview" and "Business". Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and investors should not place undue reliance on them. Furthermore, our Group cannot assure 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, investors should consider carefully how much weight or importance should be attached to or placed on such facts, forecasts or statistics.

**Our Shareholders may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions against us or our management and the laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong**

Our Company is incorporated under the laws of the Cayman Islands. During the Track Record Period, our businesses, assets and operations were carried out through our operating subsidiary, De Riva, located in Hong Kong. Since our Company is incorporated under the laws of the Cayman Islands, our corporate affairs are governed by the laws of the Cayman Islands, it may not be possible for our Shareholders to bring an action against our Company or against our Directors or officers based on Hong Kong laws in the event that our Shareholders believe that their rights as a shareholder have been infringed. Our corporate affairs are governed by our Memorandum of Association and Articles of Association and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. This may mean that the remedies available to our Group's minority shareholders may be different from those they would have under Hong Kong laws or the laws of other jurisdictions. A summary of Cayman Islands law is set out in Appendix III to this document.

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**Our Group strongly caution investors not to place any reliance on any information contained in any press or media reports regarding us and the [REDACTED]**

Our Group has not authorised the disclosure of any information in the press or media and our Group wishes to emphasise to prospective investors that our Group does not accept any responsibility for the accuracy of any news published by the press or the media. Our Group makes no representation as to appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media about our business or financial projections, share valuation or other information. Accordingly, in all cases, prospective investors should give consideration as to how much weight or importance they should attach to, or place on, such press articles or other media coverage.

**Our future results could differ materially from those expressed or implied by the forward-looking statements**

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Prospective investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although our Group believes the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by our Group that our plans or objectives will be achieved and prospective investors should not place undue reliance on such forward-looking statements. Our Group does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking statements" in this document for further details.

### **RISK RELATING TO MACROECONOMIC AND POLITICAL CONDITIONS**

**General macroeconomic conditions, particularly in Hong Kong, may materially and adversely affect our Group's business, prospects, results of operations and financial condition**

Our Group's business and operations are currently based in Hong Kong and the businesses of the majority of its clients are directly affected by the overall performance of the global economy. As an open economy, Hong Kong's domestic economy is influenced by the global economy and the PRC economy is also becoming more open. The global, PRC and Hong Kong economies are affected by, among other things, legal and regulatory changes, political conditions in global markets, global levels of liquidity and risk aversion, currency and interest rate fluctuations, concerns about natural disasters,

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terrorism and war, the level and volatility of interest rates and foreign currency exchange rates, concerns over inflation, and changes in investor confidence levels and risk appetities. All of these factors are beyond the control of our Group. If any of the above factors changes unfavorably, our Group's business, prospects, results of operations and financial condition may be materially and adversely affected.

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