

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY

Our corporate history

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 November 2017 in anticipation of the [REDACTED]. Following the Reorganisation, our Company became an investment holding company holding the entire shareholding interest in De Riva, our key operating subsidiary, indirectly through the intermediary company, DLS Capital. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in this section.

Our business can be traced back to 2009 when De Riva, our operating subsidiary, was established by Mr. Wong Nelson, Mr. Ngo Tong-Heng, and Mr. Kabbabe Karim, all of whom are Independent Third Parties. Over the period from 2010 to 2017, Mr. Ngo Tong-Heng acquired the controlling shareholding of De Riva through various transfers, allotments and issues of shares in January 2010, and then Mr. Yu, our Controlling Shareholder and our non-executive Director, through Pacific Asset, acquired the majority shareholding of De Riva from Mr. Ngo Tong-Heng in October 2013 with his personal fund. After that, Mr. Yu, through Pacific Asset transferred part of his shareholding interests in De Riva to Mr. Lau Ming Hong, Henry through Santo Global, and Crystal Dragon Limited ("Crystal Dragon") in 2014. In March 2017, Mr. Wong Nelson and Mr. Ngo Tong-Heng transferred their entire shareholding interests in De Riva to Mr. Ng and Mr. Choi respectively. On 24 August 2017, Crystal Dragon transferred [REDACTED]% of the then issued share capital of De Riva (representing the entire shareholding interests in De Riva owned by it) to Santo Global, and on 1 November 2017, Pacific Asset transferred [REDACTED]% of the then issued share capital of De Riva to Santo Global.

Our licensing history

In July 2010, De Riva was registered with the SFC to carry on type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities.

BUSINESS MILESTONE

Our Directors believe that through its years of operations, De Riva has established itself as a reliable and trusted interdealer brokerage firm of derivatives in Hong Kong. Set out below are the key milestones relating to our business over the years:

Year	Key milestones
2009	De Riva was incorporated on 27 July 2009
2010	De Riva obtained its type 1 (dealing in securities) and type 2 (dealing in futures contracts) licences from the SFC and commenced its business on 29 July 2010

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Key milestones
	De Riva was admitted as a HKFE Exchange Participant under the category of Futures Commission Merchants on 16 August 2010
2013	Mr. Yu, through Pacific Asset, acquired control over De Riva Mr. Choi, Mr. Lee, Mr. Fung, and Mr. Ng joined De Riva French-speaking licensed broker joined De Riva as Licensed Representative so as to further the growth in the revenue base contributed by French-speaking traders in the market by providing the flexibility for De Riva to trade with traders who speak only the very language
2015	Korean-speaking licensed broker joined De Riva as Licensed Representative so as to further the growth in the revenue base contributed by Korean-speaking traders in the market by providing the flexibility for De Riva to trade with traders who speak only the very language
2017	Mr. Lau joined De Riva as managing director
2018	We moved to our new head office and principal place of business in Hong Kong

CORPORATE HISTORY

Upon completion of the Reorganisation, our Group comprises of our Company and its subsidiaries, particulars of which are set out below:

Name of subsidiary	Principal business activities	Date of Incorporation	Interest Attributable to Our Group
DLC Asia Limited	Investment holding	1 November 2017	100%
DLS Capital	Investment holding	13 October 2017	100%
De Riva	Derivatives brokering	27 July 2009	100%

Details of the corporate history of our Group is set out below:

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 1 November 2017 and became the holding company of our Group, pursuant to the Reorganisation which was completed on 3 August 2018. Our Group comprises of our Company, DLS Capital and De Riva.

Immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), Oasis Green will hold [REDACTED] Shares, representing [REDACTED]% of the issued share capital of our Company as enlarged by the [REDACTED] and the [REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

For details of changes in the share capital of our Group, please refer to the paragraph headed "A. Further information about our Company — 2. Changes in the share capital of our Company" in Appendix IV to this document.

DLS Capital

On 13 October 2017, DLS Capital was incorporated in the BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1.00 each.

On 13 November 2017, as part of the Reorganisation, DLS Capital allotted and issued [REDACTED] shares of US\$1.00 each to Pacific Asset, [REDACTED] shares of US\$1.00 each to Santo Global, [REDACTED] shares of US\$1.00 each to Mr. Ng and [REDACTED] shares of US\$1.00 each to Mr. Choi, all credited as fully paid.

On 31 July 2018, as part of the Reorganisation, DLS Capital allotted and issued [REDACTED] shares of US\$1.00 each to Pacific Asset, [REDACTED] shares of US\$1.00 each to Santo Global, [REDACTED] shares of US\$1.00 each to Mr. Ng and [REDACTED] shares of US\$1.00 each to Mr. Choi, credited as fully paid, in consideration of the acquisition of the entire issued share capital of De Riva from Pacific Asset, Santo Global, Mr. Ng and Mr. Choi respectively.

On 3 August 2018, as part of the Reorganisation, Pacific Asset, Santo Global, Mr. Ng and Mr. Choi each transferred all of their respective shares in DLS Capital to our Company in consideration of our Company allotting and issuing, credited as fully paid, [REDACTED] Shares to Oasis Green at the direction of Pacific Asset, [REDACTED] Shares to Jolly Ocean at the direction of Santo Global, [REDACTED] Shares to Dense Jungle at the direction of Mr. Ng and [REDACTED] Shares to Beyond Delta at the direction of Mr. Choi, and crediting as fully paid the nil-paid incorporation Share registered in the name of Beyond Delta for the acquisition of the entire issued share capital of DLS Capital by our Company. Since then, DLS Capital is a [REDACTED]% owned subsidiary of our Company, principally engaged in investment holding.

De Riva

On 27 July 2009, De Riva was incorporated in Hong Kong as a company with limited liability and is our principal operating subsidiary. At the time of its incorporation, De Riva allotted and issued (i) [REDACTED] shares at par to Mr. Wong Nelson, an Independent Third Party; (ii) [REDACTED] shares at par to Mr. Ngo Tong-Heng, an Independent Third Party; and (iii) [REDACTED] at par to Mr. Kabbabe Karim, an Independent Third Party.

On 6 January 2010, Mr. Ngo Tong-Heng acquired from Mr. Kabbabe Karim his [REDACTED] shares for a consideration of HK\$2,450,000.

On 26 July 2010, De Riva allotted and issued [REDACTED] shares to Mr. Ngo Tong-Heng for a consideration of HK\$1,200,000.

On 20 October 2010, De Riva allotted and issued [REDACTED] shares to Mr. Ngo Tong-Heng for a consideration of HK\$600,000.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 24 February 2012, Mr. Wong Nelson acquired from Mr. Ngo Tong-Heng his [REDACTED] shares for a consideration of HK\$240,000.

On 21 August 2013, Mr. Wong Nelson acquired from Mr. Ngo Tong-Heng his [REDACTED] shares for a consideration of HK\$272,000.

On 23 October 2013, Pacific Asset acquired from Mr. Ngo Tong-Heng his [REDACTED] shares for a consideration of HK\$10,445,989, which was determined with reference to the unaudited net asset value of De Riva as at 31 January 2013. The consideration was settled in cash by installments made on 2 March 2013 and 18 October 2013 respectively. The acquisition allowed Mr. Yu, who was and is the sole shareholder of Pacific Asset, to invest in De Riva, which already had a derivative brokerage platform in place with contracts signed with major clients in the market. As Mr. Yu had years of acquaintance with Mr. Choi and Mr. Ng and was well aware of their established network and experience in the derivatives brokerage industry, he approached Mr. Choi, Mr. Lee, Mr. Fung and Mr. Ng to discuss their potential joining of our Group after Mr. Yu agreed to become the majority shareholder of De Riva and anticipated that after their joining of De Riva, the business of De Riva would have a promising growth potential, hence decided to make the acquisition through Pacific Asset.

On 8 December 2014, Santo Global acquired from Pacific Asset its [REDACTED] shares for a consideration of HK\$6,980,000. For details of such acquisition, please refer to the paragraph headed “[REDACTED]” in this section.

On 8 December 2014, Crystal Dragon acquired from Pacific Asset its [REDACTED] shares for a consideration of HK\$3,490,000, which was determined taking into account the potential business growth of De Riva as a result of Mr. Yu, through Pacific Asset, becoming the controlling shareholder of De Riva to reinforce the operation of De Riva and the joining of Mr. Lee, Mr. Fung, Mr. Choi and Mr. Ng as senior management. The consideration was settled by way of set-off of a loan made to Pacific Asset by Crystal Dragon on 25 February 2013 which was in substance “earnest money” paid to Pacific Asset with a view to securing an opportunity to acquire [REDACTED] shares (representing [REDACTED]% of shareholding interest in De Riva then) in De Riva at a later date. The investment was made taking into account the potential business growth of De Riva after the joining of Mr. Lee, Mr. Fung, Mr. Choi and Mr. Ng and that the investment would serve as a tool for hedging the investment portfolio of the ultimate beneficial owner of Crystal Dragon and the share transfer was effective on 8 December 2014.

On 2 March 2017, Mr. Ng acquired from Mr. Wong Nelson his [REDACTED] shares for a consideration of HK\$2,400,000. For details of such acquisition, please refer to the paragraph headed “[REDACTED]” in this section.

On 22 March 2017, Mr. Choi acquired from Mr. Ngo Tong-Heng his [REDACTED] shares for a consideration of HK\$1,200,000. For details of such acquisition, please refer to the paragraph headed “[REDACTED]” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 24 August 2017, as part of the Reorganisation, Santo Global acquired from Crystal Dragon its [REDACTED] shares for a consideration of HK\$1,200,000. For details of such acquisition, please refer to the paragraph headed “[REDACTED]” in this section.

On 1 November 2017, as part of the Reorganisation, Santo Global acquired from Pacific Asset its [REDACTED] shares for a consideration of HK\$2,800,000. For details of such acquisition, please refer to the paragraph headed “[REDACTED]” in this section.

On 31 July 2018, as part of the Reorganisation, DLS Capital acquired the entire issued share capital of De Riva from Pacific Asset, Santo Global, Mr. Ng and Mr. Choi, the consideration of which was satisfied by DLS Capital allotted and issued, credited as fully paid, [REDACTED] shares of US\$1.00 each to Pacific Asset, [REDACTED] shares of US\$1.00 each to Santo Global, [REDACTED] shares of US\$1.00 each to Mr. Ng and [REDACTED] shares of US\$1.00 each to Mr. Choi respectively.

On 3 August 2018, as part of the Reorganisation, the Company acquired the entire issued share capital of DLS Capital from Pacific Asset, Santo Global, Mr. Ng and Mr. Choi, the consideration of which was satisfied by the Company (i) allotting and issuing 3,450 Shares, 800 Shares, 450 Shares and 300 Shares to the nominees of Pacific Asset, Santo Global, Mr. Ng and Mr. Choi respectively; and (ii) crediting as fully paid the nil-paid incorporation Share registered in the name of Beyond Delta.

Since then, De Riva was wholly and indirectly owned by our Company.

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

The following chart shows the shareholding and corporate structure of our Group immediately before the Reorganisation, the [REDACTED] and the [REDACTED].

[REDACTED]

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for the [REDACTED], pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

1. Acquisition of shares in De Riva from Crystal Dragon by Santo Global

On 24 August 2017, Santo Global purchased from Crystal Dragon the [REDACTED] shares in the issued share capital of De Riva (representing [REDACTED]% of the then issued share capital of De Riva) held by Crystal Dragon, at the total consideration of HK\$1,200,000, being approximately [REDACTED]% of the audited net asset value of De Riva of HK\$38,769,000 as at 31 March 2017. Completion of such transfer took place on 24 August 2017 and the consideration has been fully settled by cash. The disposal of shares in De Riva by Crystal Dragon to Santo Global was for the purpose of streamlining the investment portfolio of the ultimate beneficial owner of Crystal Dragon.

2. Acquisition of shares in De Riva from Pacific Asset by Santo Global

On 1 November 2017, Santo Global purchased from Pacific Asset the [REDACTED] shares in the issued share capital of De Riva (representing [REDACTED]% of the then issued share capital of De Riva) held by Pacific Asset, at the total consideration of HK\$2,800,000, being approximately [REDACTED]% of the audited net asset value of De Riva of HK\$38,769,000 as at 31 March 2017. On 23 October 2017, SFC granted its approval in relation to the application of Santo Global to become a substantial shareholder of De Riva as a result of such acquisition of shares by Santo Global from Pacific Asset. Completion of such transfer took place on 1 November 2017 and the consideration has been fully settled by cash.

3. Incorporation of DLS Capital

On 13 October 2017, DLS Capital was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1.00 each.

4. Allotment of new shares in DLS Capital

On 13 November 2017, DLS Capital allotted and issued [REDACTED], [REDACTED], [REDACTED] and [REDACTED] new shares at par to Pacific Asset, Santo Global, Mr. Ng and Mr. Choi respectively. Thereafter, DLS Capital was held by Pacific Asset, Santo Global, Mr. Ng and Mr. Choi as to [REDACTED], [REDACTED], [REDACTED] and [REDACTED] shares respectively, representing [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% respectively of the then issued share capital of DLS Capital.

5. Incorporation of our Company

On 1 November 2017, our Company was incorporated as an exempted company in the Cayman Islands under the Companies Law and the initial one nil-paid incorporation Share was issued to the subscriber, an Independent Third Party, on the date of incorporation and was transferred to Mr. Choi at nil consideration on the same day. The authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares of a single class each with a par value of HK\$0.01 at the time of incorporation.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

6. Transfer of share in our Company from Mr. Choi to Beyond Delta

On 29 November 2017, Mr. Choi transferred his one nil-paid Share at par to Beyond Delta, a company incorporated in the BVI which is beneficially wholly-owned by him.

7. Allotment of new shares in our Company

On 29 November 2017, our Company has allotted and issued [REDACTED], [REDACTED], [REDACTED] and [REDACTED] new Shares at par to Oasis Green, Jolly Ocean, Dense Jungle and Beyond Delta respectively. Thereafter, our Company was held by Oasis Green, Jolly Ocean, Dense Jungle and Beyond Delta as to [REDACTED], [REDACTED], [REDACTED] and [REDACTED] Shares respectively, representing approximately [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% respectively of the then issued share capital of our Company.

8. Acquisition of De Riva by DLS Capital

On 31 July 2018, DLS Capital acquired from (i) Pacific Asset its [REDACTED] Shares; (ii) Santo Global its [REDACTED] Shares; (iii) Mr. Ng his [REDACTED] Shares; and (iv) Mr. Choi his [REDACTED] Shares, representing the entire issued share capital of De Riva, the consideration of which was satisfied by DLS Capital allotting and issuing 5,000 shares, credited as fully paid, to the shareholders of De Riva as to (i) [REDACTED] shares to Pacific Asset; (ii) [REDACTED] shares to Santo Global; (iii) [REDACTED] shares to Mr. Ng; and (iv) [REDACTED] shares to Mr. Choi.

9. Acquisition of DLS Capital by our Company

On 3 August 2018, Pacific Asset, Santo Global, Mr. Ng and Mr. Choi transferred their [REDACTED], [REDACTED], [REDACTED] and [REDACTED] shares in DLS Capital respectively, being the entire issued share capital of DLS Capital, to our Company, the consideration of which was settled by our Company allotting and issuing, credited as fully paid, (i) [REDACTED] Shares to Oasis Green, at the direction of Pacific Asset; (ii) [REDACTED] Shares to Jolly Ocean, at the direction of Santo Global; (iii) [REDACTED] Shares to Dense Jungle, at the direction of Mr. Ng; and (iv) [REDACTED] Shares to Beyond Delta, at the direction of Mr. Choi, and crediting as fully paid the nil-paid incorporation Share registered in the name of Beyond Delta. After completion of the above share transfer, DLS Capital became a direct wholly-owned subsidiary of our Company.

Based on the foregoing arrangements as agreed by the parties, the acquisition of DLS Capital by our Company was properly and legally completed and settled.

Our Directors confirm that the change of shareholding in DLS Capital under the Reorganisation would not require any approval or permit from any relevant government authorities in the Cayman Islands or the BVI.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE [REDACTED] AND THE [REDACTED]

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the [REDACTED] and the [REDACTED].

[REDACTED]

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION, THE [REDACTED] AND THE [REDACTED]

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation, the [REDACTED] and the [REDACTED], without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme.

[REDACTED]

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

[REDACTED]

Principal terms of the [REDACTED]

Acquisition by Mr. Ng in March 2017

On 2 March 2017, Mr. Ng acquired [REDACTED] shares, being [REDACTED]% of the total issued shares of De Riva, from Mr. Wong Nelson for a total consideration of HK\$[REDACTED], which was settled on 1 March 2017. The investment was made taking into account the business growth of De Riva after the joining of Mr. Lee, Mr. Fung, Mr. Choi and Mr. Ng himself and that the selling shareholder Mr. Wong Nelson was interested in realising his investment at the time. The principal terms of such acquisition are summarised as below:

Acquired from	Mr. Wong Nelson
Number of shares purchased	[REDACTED] shares of De Riva, representing [REDACTED]% of the total issued shares of De Riva
Amount of consideration paid	HK\$[REDACTED] in cash
Completion date	2 March 2017
Basis of determining the consideration	Mr. Ng confirmed, to the best of his knowledge, that he had considered, together with the selling shareholder, applying the (i) price-to-earnings ratio; (ii) price-to-book ratio; and (iii) consideration of similar transactions in other Type 2 licensed corporations in the Hong Kong market as references to determine the consideration of his [REDACTED] at the time. Nevertheless, given there was not any similar successful transaction in other public Type 2 licensed corporations in Hong Kong available for reference, both parties considered that a meaningful analysis could not be formed by comparing the price-to-earnings ratio with the consideration of similar transactions in other Type 2 licensed corporations in the Hong Kong market. As such, the parties agreed to use the price-to-book ratio as reference. Considering De Riva was not a public company and might have a lack of marketability, both parties agreed to assume the price-to-book ratio to be less than one to determine the consideration.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In light of the above, Mr. Ng confirmed the consideration was determined based on arm's length negotiations between the parties taking into account that the selling shareholder wished to realise his investment in De Riva at the time and thus with a discount of approximately 14.3% to the audited net asset value of De Riva as at 31 March 2016 of approximately HK\$30.9 million, which was considered by both parties to be the most fair and reasonable valuation to reflect the actual value of De Riva at the material time.

Investment cost per Share

Approximately HK\$[REDACTED]

Discount to the [REDACTED] range (taking into account the [REDACTED])

A discount of approximately [REDACTED]% (assuming the [REDACTED] is HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range, and without taking into account any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme)

Shareholding in our Company following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be issued upon exercise of options which may be granted under the Share Option Scheme)

[REDACTED]%

[REDACTED] from the investment

Not applicable. The investment by Mr. Ng was by way of purchasing the shares of De Riva from Mr. Wong Nelson, a then shareholder of De Riva.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition by Mr. Choi in March 2017

On 22 March 2017, Mr. Choi acquired [REDACTED] shares, being [REDACTED]% of the total issued shares of De Riva, from Mr. Ngo Tong-Heng for a total consideration of HK\$[REDACTED], which was settled on 31 March 2017. The investment was made taking into account the business growth of De Riva after the joining of Mr. Lee, Mr. Fung, Mr. Ng and Mr. Choi himself and that the selling shareholder Mr. Ngo Tong-Heng was interested in realising his investment at the time. The principal terms of such acquisition are summarised as below:

Acquired from	Mr. Ngo Tong-Heng
Number of shares purchased	[REDACTED] shares of De Riva, representing [REDACTED]% of the total issued shares of De Riva
Amount of consideration paid	HK\$[REDACTED] in cash
Completion date	22 March 2017
Basis of determining the consideration	Mr. Choi confirmed, to the best of his knowledge, that he had considered, together with the selling shareholder, applying the (i) price-to-earnings ratio; (ii) price-to-book ratio; and (iii) consideration of similar transactions in other Type 2 licensed corporations in the Hong Kong market as references to determine the consideration of his [REDACTED] at the time. Nevertheless, given there was not any similar successful transaction in other public Type 2 licensed corporations in Hong Kong available for reference, both parties considered that a meaningful analysis could not be formed by comparing the price-to-earnings ratio with the consideration of similar transactions in other Type 2 licensed corporations in the Hong Kong market. As such, the parties agreed to use the price-to-book ratio as a reference. Considering De Riva was not a public company and might have a lack of marketability, both parties agreed to assume the price-to-book ratio to be less than one to determine the consideration.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In light of the above, Mr. Choi confirmed the consideration was determined based on arm's length negotiations between the parties taking into account that the selling shareholder was in great need to realise his investment in De Riva at the time and thus with a discount of approximately 36.8% to the audited net asset value of De Riva as at 31 March 2016 of approximately HK\$30.9 million, which was considered by both parties to be the most fair and reasonable valuation to reflect the actual value of De Riva at the material time.

Investment cost per Share	Approximately HK\$[REDACTED]
Discount to the [REDACTED] range (taking into account the [REDACTED])	A discount of approximately [REDACTED]% (assuming the [REDACTED] is HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range, and without taking into account any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme)
Shareholding in our Company following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be issued upon exercise of options which may be granted under the Share Option Scheme)	[REDACTED]%
[REDACTED] from the investment	Not applicable. The investment by Mr. Choi was by way of purchasing the shares of De Riva from Mr. Ngo Tong-Heng, a then shareholder of De Riva.

Acquisition by Santo Global from Pacific Asset in December 2014

On 8 December 2014, Santo Global acquired [REDACTED] shares, being [REDACTED]% of the total issued shares of De Riva, from Pacific Asset for a total cash consideration of HK\$[REDACTED] (the "First Investment"). The consideration was settled on 24 January 2013 and the share transfer was effective on 8 December 2014. The payment by Santo Global to Pacific Asset on 24 January 2013 was initially intended for co-investment with Pacific Asset and Mr. Yu on his upcoming business projects and this sum was later applied towards the settlement of the First Investment. Mr. Lau Ming Hong Henry, through his friends and acquaintance came to realise the strong growth potential and prospect of derivative trading in the Hong Kong securities market and was also optimistic about the potential business growth of De Riva following the joining of Mr. Choi, Mr. Lee, Mr. Fung and Mr. Ng.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition by Santo Global from Crystal Dragon in August 2017

On 24 August 2017, Santo Global acquired [REDACTED] shares, being [REDACTED]% of the total issued shares of De Riva, from Crystal Dragon, for a total cash consideration of HK\$[REDACTED] (the "Second Investment"), which was settled on 4 September 2017. Such consideration was determined with reference to the audited net asset value of De Riva as at 31 March 2017 and the actual performance of De Riva since the First Investment. As Santo Global was interested in further increasing its stake in De Riva, hence the Second Investment.

Acquisition by Santo Global from Pacific Asset in November 2017

On 1 November 2017, Santo Global acquired [REDACTED] shares, being [REDACTED]% of the total issued shares of De Riva, from Pacific Asset, for a total cash consideration of HK\$[REDACTED] (the "Third Investment"), which was settled on 1 November 2017. Such consideration was determined with reference to the audited net asset value of De Riva as at 31 March 2017 and the actual performance of De Riva since the First Investment. As Santo Global was interested in further increasing its stake in De Riva, hence the Third Investment.

The table below summarises the principal terms of the First Investment, Second Investment and Third Investment by Santo Global:

	First Investment	Second Investment	Third Investment
Acquired from	Pacific Asset	Crystal Dragon	Pacific Asset
Number of shares purchased	[REDACTED] shares of De Riva, representing [REDACTED]% of the total issued shares of De Riva	[REDACTED] shares of De Riva, representing [REDACTED]% of the total issued shares of De Riva	[REDACTED] shares of De Riva, representing [REDACTED] of the total issued shares of De Riva
Amount of consideration paid	HK\$[REDACTED] in cash	HK\$[REDACTED] in cash	HK\$[REDACTED] in cash

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

	First Investment	Second Investment	Third Investment
Completion date	8 December 2014	24 August 2017	1 November 2017
Basis of determining the consideration	The consideration was determined based on arm's length negotiations with reference to the possible business growth of De Riva since the joining of Mr. Choi, Mr. Lee, Mr. Fung and Mr. Ng	The consideration was determined based on arm's length negotiations with reference to the audited net asset value of De Riva as at 31 March 2017 and the actual performance of De Riva since the First Investment which had already reflected the investment of Mr. Choi, Mr. Lee, Mr. Fung and Mr. Ng	The consideration was determined based on arm's length negotiations with reference to the audited net asset value of De Riva as at 31 March 2017 and the actual performance of De Riva since the First Investment which had already reflected the investment of Mr. Choi, Mr. Lee, Mr. Fung and Mr. Ng
Investment cost per Share	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]
Discount to the [REDACTED] range (taking into account the [REDACTED])	A discount of approximately [REDACTED]% (assuming the [REDACTED] is HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range, and without taking into account any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme)	A discount of approximately [REDACTED]% (assuming the [REDACTED] is HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range, and without taking into account any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme)	A discount of approximately [REDACTED]% (assuming the [REDACTED] is HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range, and without taking into account any Shares to be issued upon exercise of the options which may be granted under the Share Option Scheme)

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

	First Investment	Second Investment	Third Investment
<p>Shareholding in our Company following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be issued upon exercise of options which may be granted under the Share Option Scheme)</p> <p>[REDACTED] from the investment</p>	<p>[REDACTED]%</p> <p>Not applicable. The investment by Santo Global was by way of purchasing the shares of De Riva from Pacific Asset, a then shareholder of De Riva.</p>	<p>[REDACTED]%</p> <p>Not applicable. The investment by Santo Global was by way of purchasing the shares of De Riva from Crystal Dragon, a then shareholder of De Riva.</p>	<p>[REDACTED]%</p> <p>Not applicable. The investment by Santo Global was by way of purchasing the shares of De Riva from Pacific Asset, a then shareholder of De Riva.</p>
<p>Total shareholding in our Company following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be issued upon exercise of options which may be granted under the Share Option Scheme)</p>		<p>[REDACTED]%</p>	
<p>Average investment cost per Share</p>		<p>Approximately HK\$[REDACTED]</p>	

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

	First Investment	Second Investment	Third Investment
Average discount to the [REDACTED] (based on the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range and taking into account the [REDACTED])		Approximately [REDACTED]%	

Background of the [REDACTED]

Mr. Ng and Mr. Choi are our executive Directors. For their backgrounds, please refer to the section headed "Directors and senior management" in this document.

Santo Global is a company incorporated with limited liability in Hong Kong on 21 March 2014. Santo Global is principally engaged in investment holding.

The current holder of the shares of Santo Global is Mr. Lau Ming Hong, Henry, the brother of Mr. Lau, our executive Director. Mr. Lau Ming Hong, Henry has been the sole shareholder of Santo Global since its incorporation. Since 2014, he has been self-employed and involved in managing personal investments through a number of companies in Hong Kong. Prior to 2014, he had worked in the field of business development primarily in agriculture and commodities project in Asia. Mr. Lau Ming Hong, Henry has been engaged in various investment activities in public and private companies in the USA, Hong Kong and Greater China.

Mr. Yu, our Controlling Shareholder, confirmed that he was introduced to Mr. Lau Ming Hong, Henry through social acquaintance where they had the opportunity to share the business prospect and opportunity of our Group.

Save as mentioned above, each of Mr. Ng, Mr. Choi and Mr. Lau Ming Hong, Henry has confirmed that (a) he has never been involved in any dealing or transaction with our Directors, the Controlling Shareholders, any member of our Group and any of their respective associates; (b) he did not acquire interests in our Company with finance provided directly or indirectly by our core connected person(s); and (c) he does not take instructions from our core connected person(s) in relation to the acquisition, disposal, voting or other disposal of his interest in our Company. Pursuant to the terms of the [REDACTED], none of the [REDACTED] enjoys any special rights in connection with the [REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Lock-up and [REDACTED]

The Shares held by the [REDACTED] are subject to a lock-up period of six months commencing on the [REDACTED] pursuant to the terms of the voluntary undertaking given by each of them. As Jolly Ocean, which is wholly owned by Santo Global, is expected to hold more than 10% of the total issued share capital of our Company immediately following the completion of the [REDACTED], it will be a substantial Shareholder of our Company upon [REDACTED] and hence all Shares held by Jolly Ocean will not be counted as part of the [REDACTED] for the purpose of Rule 11.23 of the GEM Listing Rules.

As Mr. Ng and Mr. Choi are our executive Directors, all Shares held by Dense Jungle and Beyond Delta, which are ultimately and beneficially wholly-owned companies by Mr. Ng and Mr. Choi respectively, will not be counted as part of the [REDACTED] for the purpose of Rule 11.23 of the GEM Listing Rules.

Confirmation from the Sole Sponsor

After reviewing the terms of the [REDACTED] and given that the [REDACTED] were completed more than 28 clear days before the date of submission of the application for the [REDACTED], the Sole Sponsor confirms that the [REDACTED] are in compliance with the Guidance Letters HKEx-GL29-12 (January 2012) (Updated in March 2017), HKEx-GL43-12 (October 2012) (Updated in July 2013 and March 2017) and HKEx-GL44-12 (October 2012) (Updated in March 2017) issued by the Stock Exchange.