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## **FUTURE PLANS AND USE OF PROCEEDS**

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### **FUTURE PLANS**

The Group has established itself as an active player in the retail securities industry in Hong Kong, with its profit mainly attributable to the business of securities, futures and options brokerage as well as the provision of financing to its clients. The Directors believe that the success of the Group is primarily attributable to the Group's professional management team and staff members, who strive to provide quality services to its clients combined with low brokerage commission rates. Since the introductions of the Group's online securities and futures trading systems, clients are allowed to enjoy an efficient and secure trading platform. At the same time, the volume of transactions of the Group and its market share increased substantially. The Group will continue to leverage on its competitive edge in expanding its client base. The Group is also one of the active players in providing margin financing in the secondary market and IPO financing.

The Group has implemented effective credit and risk management procedures. Given the global securities markets were seriously hampered by the financial tsunami, the Group would still be able to maintain its tremendous credit control results without any bad debts being incurred during the Track Record Period. The Group is committed to maintain its effectiveness in credit control while in the mean time expand its business.

Through the Share Offer, the Company would like to (i) strengthen its brand name by having a higher profile and visibility in the market which will in turn build up confidence of the Group's clients in the Group; (ii) reinforce potential investors' confidence by having its shares listed on the Stock Exchange; and (iii) achieve greater efficiency resulting from stricter disclosure standards, including the code on corporate governance practices, which listed issuers are required to comply with, which will in turn lead to an improvement in the Group's internal control systems.

### **Expansion of branches**

In order to absorb new clients and to enhance its image, the Group intends to expand its branch network in selected locations in Hong Kong. The Directors believe that the expansion of service network would further enlarge the Group's client base and market share, and ultimately leading to an increase in the Group's revenue. The Directors would ensure all its activities to be carried out in its branch offices will be in compliance of all applicable laws, rules and regulations, including the requirement of Licensed Representatives for carrying out regulated activities (as defined in the SFO).

### **Sales and marketing**

The Group emphasises on its sales and promotion activities. The Group would continue to advertise its services through different media, organise investment seminars for its clients and investors. It is believed that such activities would definitely help to promote the brandname of the Group all over Hong Kong and would be helpful in expanding client base of the Group.

### **The PRC market**

Following the approval granted under the CEPA for the Hong Kong brokerage houses to set up investment advisory joint ventures with qualified Chinese brokerage companies in the Guangdong province, the PRC, the Group has been studying the detailed requirements and assessing the opportunities. The Group is also doing other feasibility studies including setting up four representative

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offices in the PRC, with an estimated capital expenditure of approximately HK\$2 million to be funded by the Group's internal resources, to understand the PRC stock market and promote the Group's brandname. As at the Latest Practicable Date, no relevant licence was obtained by the Group in this connection. When the regulations in respect of the PRC residents to invest in the Hong Kong stock market loosens, it may provide a first mover advantage that enabling the Group to bring in new business further from the PRC market. The Directors would ensure all its activities to be carried out in the PRC will be in compliance of all applicable laws, rules and regulations.

In the opinion of the Directors, the introduction of BOCOM International Holdings as a strategic investor of the Company is also expected to bring in development opportunities for the Group in the PRC market.

### **Products variety**

The Group has set up its product development team and its global futures trading business in order to allow its clients to get access to more overseas markets and a wider variety of financial products. The Directors believe it would bring in a new source of income and may further enhance profitability of the Group.

### **Establishment of asset management and financial advisory division**

The Group intends to establish an asset management and financial advisory division, in the view of achieving a further diversification of financial products offered by the Group. This is expected to bring in a new source of income and may further enhance profitability of the Group. Currently, the Group does not hold a licence for Type 9 (asset management) regulated activity. However, the Group holds a licence for Type 1 (dealing in securities) regulated activity and if the Group wishes to carry out Type 9 (asset management) regulated activity, it does not need to be licensed for Type 9 (asset management) regulated activity provided that these activities are carried out wholly incidental to the securities dealing business of the Group.

The Directors expect its business to grow continuously in future, principally attributable to the Hong Kong Government's policy to develop the financial market in Hong Kong in view of enhancing the position of Hong Kong as the international financial centre as well as pursuing a closer economic relationship between Hong Kong and the PRC. The PRC economy has been developing rapidly in the past few years, and the demand of the PRC enterprises for capital raising and other financial services continues to increase. As such, the closer economic relationship between Hong Kong and the PRC is expected to benefit the financial industry in Hong Kong, which includes the securities, futures and options brokerage industry which the Group is currently operating in.

It is expected that the Group would continue to pursue its strategy of offering online trading services with low brokerage commission. The Group also intends to expand its branch network, to offer a wider range of products and services, and to further enhance the Group's profitability.

### **USE OF PROCEEDS**

It is estimated that the aggregate net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by the Company in connection with the Share Offer), assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$1.485 per Offer Share, being

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the mid-point of the indicative Offer Price range of HK\$1.35 to HK\$1.62 per Offer Share, will be approximately HK\$218 million (or approximately HK\$248 million, if the Over-allotment Option is exercised in full). The Company currently intends to apply these net proceeds for the following purposes:

- as to approximately HK\$196 million (or approximately 90% of the net proceeds based on the mid-point of the indicative Offer Price range) for the funding and further development of the Group's existing businesses of Bright Smart Securities, which include further funding for the Group's margin financing and IPO financing businesses depending on the then market conditions and the demand of margin financing and IPO financing, through the increase in share capital of Bright Smart Securities.
- as to approximately HK\$22 million (or approximately 10% of the net proceeds based on the mid-point of the indicative Offer Price range) for the funding and further developing the Group's existing businesses of Bright Smart Futures through the increase in its share capital.

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$1.62 per Share, the net proceeds of the Share Offer (assuming the Over-allotment Option is not exercised), will increase by approximately HK\$16 million. In such case, the Company intends to apply the additional net proceeds for the above purposes on a pro-rata basis.

If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.35 per Share, the net proceeds of the Share Offer (assuming the Over-allotment Option is not exercised), will decrease by approximately HK\$21 million. In such case, the Company intends to reduce the allocation of such net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Share Offer will be approximately HK\$248 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end of the indicative Offer Price range, the net proceeds from the Share Offer (including the proceeds from the exercise of the Over-allotment Option) will be approximately HK\$272 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the net proceeds from the Share Offer (including the proceeds from the exercise of the Over-allotment Option) will be approximately HK\$229 million. The Company intends to apply any additional net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds are not immediately required for or applied to the above purposes, the Company may hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong for so long as it is in the Company's best interests.

The Company will make an appropriate announcement and comply with the requirements of the Listing Rules if there is any change to the above proposed use of proceeds.