



TradeGo

SHARE OFFER

TradeGo FinTech Limited

捷利交易寶金融科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8017

Sole Sponsor



Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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



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(incorporated in the Cayman Islands with limited liability)

LISTING ON GEM
OF THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF SHARE OFFER

Number of Offer Shares	:	125,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	:	12,500,000 Shares (subject to reallocation)
Number of Placing Shares	:	112,500,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	Not more than HK\$0.80 per Offer Share and expected to be not less than HK\$0.64 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	:	8017

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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 paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection – Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement among the Joint Bookrunners and us on the Price Determination Date, which is scheduled on or about Thursday, 20 September 2018 or such later date as may be agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, and in any event not later than Wednesday, 26 September 2018. The Offer Price will not be more than HK\$0.8 per Offer Share and is currently expected to be not less than HK\$0.64 per Offer Share unless otherwise announced. If our Company and the Joint Bookrunners are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will not proceed. The Joint Bookrunners, with the consent of our Company, may reduce the number of Offer Shares and/or the indicative Offer Price range below that as stated in this prospectus (which is HK\$0.64 to HK\$0.80 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Public Offer. In such event, a notice will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.tradeo8.com.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of each jurisdiction where those offers and sales occur. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Offer Shares should note that at least two Joint Bookrunners may terminate the obligations under the Public Offer Underwriting Agreement by giving joint notice to the Company and the other Public Offer Underwriters upon the occurrence of any of the events set out in the section headed "Underwriting – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should any two of the Joint Bookrunners terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse.

17 September 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete electronic applications under
the **HK eIPO White Form** service through
the designated website at www.hkeipo.hk⁽²⁾11:30 a.m. on Thursday,
20 September 2018

Application lists of the Public Offer open⁽³⁾11:45 a.m., on Thursday,
20 September 2018

Latest time to lodge **WHITE** and **YELLOW** Application Forms
and to give **electronic application instructions** to HKSCC⁽⁴⁾ ...12:00 noon on Thursday,
20 September 2018

Latest time to complete payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s)
or PPS payment transfer(s)⁽²⁾12:00 noon on Thursday,
20 September 2018

Application lists of the Public Offer close⁽³⁾12:00 noon on Thursday,
20 September 2018

Expected Price Determination Date⁽⁵⁾Thursday, 20 September 2018

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.tradego8.com⁽⁶⁾
and the website of the Stock Exchange at www.hkexnews.hk
on or before Thursday, 27 September 2018

Results of allocations in the Public Offer (with successful
applicants' identification document numbers, where applicable)
to be available through a variety of channels (see the section headed
“How to Apply for Public Offer Shares – 11. Publication of Results”
in this prospectus) fromThursday, 27 September 2018

Results of allocations in the Public Offer will be available
at www.tricor.com.hk/ipo/result with a “search by ID”
function fromThursday, 27 September 2018

Despatch/Collection of share certificates in respect of
wholly or partially successful applications pursuant to the
Public Offer on or before⁽⁷⁾⁽⁸⁾Thursday, 27 September 2018

EXPECTED TIMETABLE⁽¹⁾

Despatch/Collection of the **HK eIPO White Form** e-Auto Refund payment instructions and refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before⁽⁸⁾⁽⁹⁾ Thursday, 27 September 2018

Dealings in the Shares on GEM expected to commence at 9:00 a.m. on Friday, 28 September 2018

Notes:

- (1) All times and dates refer to Hong Kong times and dates, except as otherwise stated.
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider 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 money) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 20 September 2018, the application lists will not open on that day. For further information please refer to the section headed “How to Apply for Public Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Public Offer Shares – 6. Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or about Thursday, 20 September 2018 (or such later date as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). If the Joint Bookrunners and our Company are unable to reach an agreement on the Offer Price by that date or such later date as agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not become unconditional and will not proceed.
- (6) None of our Company’s website or any of the information contained in our Company’s website forms part of this prospectus.
- (7) Share certificates for the Offer Shares are expected to be issued on or before Thursday, 27 September 2018 but will only become valid certificates of title provided that the Share Offer becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date. Investors who trade the 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) Applicants who have applied on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques and share certificates (as applicable) in person from our 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 Thursday, 27 September 2018. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Branch Share Registrar.

EXPECTED TIMETABLE⁽¹⁾

Applicants who apply with **YELLOW** Application Forms for 1,000,000 Public Offer Shares under the Public Offer may collect their refund cheques (where relevant) in person but may not collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection on the date of despatch of refund cheque as described in the subsection headed "How to Apply for Public Offer Shares – 14. Despatch/Collection of share certificates and refund monies" in this prospectus.

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

Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through a single bank account may have e-Auto Refund payment instructions (if any) despatched to their application payment bank account on Thursday, 27 September 2018. Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts may have refund cheque(s) despatched to the address specified in their application instructions through the **HK eIPO White Form** service, on or before Thursday, 27 September 2018, by ordinary post and at their own risk.

Details of the structure of the Share Offer, including the conditions of the Share Offer, and the procedures for application for the Public Offer Shares, are set out in the sections headed "Structure of the Share Offer" and "How to Apply for Public Offer Shares" in this prospectus.

If there is any change to the above expected timetable, our Company will make separate announcements on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.tradego8.com to inform investors accordingly.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or invitation in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of our or their respective directors, officers, employees or advisers, or any other person or party involved in the Share Offer.

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SUMMARY

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 prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment in companies listed on GEM. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this prospectus.

OVERVIEW

We are one of the leading integrated securities trading platform service providers serving primarily Hong Kong Brokerage Firms and their clients. Our Hong Kong brokerage Firm customers are all Category B and Category C Exchange Participants. Our integrated securities trading platform services mainly consist of front office trading system services, market data services and value-added services. Leveraging the proprietary software we have developed, modified and enhanced over the course of the years, we consider ourselves a market pioneer in providing front office trading system services and market data services to Hong Kong Brokerage Firms through an integrated model. Among the Hong Kong Brokerage Firms, we have a market share of 2.2% in PRC Background Brokerage Firms in Hong Kong in terms of revenue for the year ended 31 March 2018. According to the Frost & Sullivan Report, 30 out of 50, or 60.0% of the PRC Background Brokerage Firms in Hong Kong subscribed our securities trading platform services as at 31 March 2018, which accounted for 34.9% of our total 86 institutional customers at that time. Moreover, we ranked the 5th among non-MNC players in the securities trading platform service market in Hong Kong in terms of revenue for the year ended 31 March 2018.

Our main services can be classified into three categories, namely (i) front office trading system services; (ii) market data services; and (iii) value-added services, such as simulation trading platform services, online account opening appointment services and cloud infrastructure services. Our services are primarily delivered through the securities trading platform software developed by us, being the client software and delivery channel of our major services, such as *TradeGo* and *TradeGo Pro*.

Our customers and end users can access the securities trading platforms software developed by us through a diversified range of channels consisting of major operating systems, including Microsoft Windows, Mac OS, Android and iOS and mainstream platforms, such as Web browsers. According to the Frost & Sullivan Report, we are a market leader in terms of the coverage range of supported operating systems and platforms for securities trading platform software among the five largest non-MNC securities trading platform service providers in Hong Kong in terms of revenue for the year ended 31 March 2018. Our front office trading system services support trading of a variety of financial instruments, including stocks, ETFs, futures, options, warrants and derivatives. We also hold market data vendor licences from five stock and future exchanges, namely the Hong Kong Stock Exchange, the Hong Kong Futures Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ, and provide a wide range of real-time market data feeds from these exchanges through the securities trading platform software developed by us.

SUMMARY

Generally, an institutional customer enters into an agreement with us for the subscription of our services for a period normally ranging for one to three years, under which it makes an upfront payment to us with subsequent monthly payments. We are responsible for the development and installation of the necessary software (such as *TradeGo*) and provide our front office trading system services, market data services and/or value-added services with ongoing support and ancillary services during the subscription period. Our brokerage firm customers normally operate such front office trading systems which enable their clients to make securities trading under their own brand names. Please refer to the section headed “Business – Business Operations” in this prospectus for more information.

Our revenue increased from HK\$33.3 million for the year ended 31 March 2016 to HK\$40.4 million for the year ended 31 March 2017 and to HK\$43.2 million for the year ended 31 March 2018, representing a CAGR of 13.9%, far outpacing the overall industry growth. The following table sets forth the breakdown of revenue of our service lines by amount and as a percentage of our total revenue during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Front Office Trading System Services	12,471	37.5	13,997	34.6	18,891	43.7
– CMS trading system	12,471	37.5	13,997	34.6	18,891	43.7
Market Data Services	17,577	52.8	17,520	43.4	17,531	40.6
Value-added Services	3,229	9.7	8,881	22.0	6,787	15.7
– Simulation trading platform services	124	0.4	2,751	6.8	83	0.2
– Online account opening appointment services	–	–	569	1.4	621	1.4
– Cloud infrastructure services	3,089	9.3	3,839	9.5	3,706	8.6
– Other value-added services	16	0.0	1,722	4.3	2,377	5.5
Total	33,277	100.0	40,398	100.0	43,209	100.0

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success:

- our in-depth experience in providing integrated front office trading system services and market data services;
- securities trading platform services accessible through diversified channels and cross-border cloud infrastructure;
- our long-standing, stable and continuously growing customer base;
- our strong and innovative research and development capabilities; and
- our dynamic and seasoned management team, dedicated employees and people-oriented corporate culture.

Please refer to the section headed “Business – Competitive Strengths” in this prospectus for more information.

SUMMARY

OUR BUSINESS STRATEGIES

We plan to implement the following strategies:

- capitalise on industry growth trends and further expand our customer base;
- develop innovative service offerings and enhance research and development capabilities;
- apply for additional market data vendor licences to expand the service coverage of our market data services;
- enhance our hardware infrastructure capacities to better support our expanding operational scale;
- expand our engaged customer base through our open securities trading platform software *TradeGo Pro*; and
- pursue strategic acquisitions of complementary businesses.

Please refer to the section headed “Business – Business Strategies” in this prospectus for more information.

CUSTOMERS

Our customers include institutional customers and individual customers. As at 31 March 2018, our customer base consisted of 86 institutional customers and 609 individual customers. As at the same date, 78 of our institutional customers were Hong Kong Brokerage Firms and among which, 30 of our institutional customers were PRC Background Brokerage Firms in Hong Kong, and the remaining institutional customers included Tele-Trend Limited, a stock exchange and six financial information providers. We provided our services to customers by direct sales and did not sell our services through any distributors, channel partners or sales agents during the Track Record Period and up to the Latest Practicable Date.

The pricing of our front office trading system services is generally determined and adjusted with reference to (i) the number of operating systems and platforms to be supported by our securities trading platform software as registered by the customer, for example, Microsoft Windows, Mac OS, iOS, Android and Web browser; (ii) volume of the trading servers subscribed by the customer, which determines the number of end users which are allowed to use the trading platform software and the number of transactions to be simultaneously executed by the end users through the securities trading platform software; (iii) the number of supported exchanges for which trading function is required; (iv) the years of business relationships with the customers; and (v) service fees charged by our competitors; and (vi) the negotiation with our customers. In relation to our market data services, the amount of fees payable by institutional customers depends on the number of market data end users, the types and levels of market data and the financial markets of which the market data are provided. Our charge for market data services is normally based on a usage fee per year, per month or per quote, giving different options and choices to our customers.

For the years ended 31 March 2016, 2017 and 2018, sales to our largest customer accounted for 8.0%, 8.3% and 5.6%, respectively, of our total revenue and the aggregate sales to our five largest customers accounted for 31.2%, 26.8% and 20.7%, respectively, of our total revenue. Save as Tele-Trend Limited, all of our five largest customers during the Track Record Period were Independent Third Parties, and none of our Directors, their associates or any Shareholders (whom to the best knowledge of our Directors owns more than 5.0% in the issued share capital of our Company) held any interest in any of our five largest customers during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, Tele-Trend Limited, being our former controlling shareholder, was also one of our five largest customers for the years ended 31 March 2016 and 2017, and our largest supplier for the years ended 31 March 2016 and 2017. During the Track Record Period, Tele-Trend Limited sub-licensed Tele-Trend Konson to disseminate the market data of Hong Kong Stock Exchange and Hong Kong Futures Exchange to our Group’s

SUMMARY

customers and provided certain market data and other services to Tele-Trend Konson which included (i) provision of data connection and technical support services for the transmission of the real-time market data and index data; (ii) provision for the use of an office in Hong Kong and certain supporting services in respect of certain computers, other equipment and bandwidth of data lines; and (iii) use of certain cabinets and certain bandwidth of Hong Kong local leased line. As one of our customers, Tele-Trend Limited subscribed market data of the PRC and U.S. exchanges and the cloud infrastructure services from Tele-Trend Konson during the Track Record Period. As part of the Reorganisation, Tele-Trend Konson ceased to be a subsidiary of Tele-Trend Limited following a share transfer completed on 27 July 2015, after which Tele-Trend Limited's equity interest in Tele-Trend Konson decreased to 34.2%. Tele-Trend Limited ceased to be a shareholder of Tele-Trend Konson on 22 December 2016.

Please refer to the section headed "Business – Customers" in this prospectus for more information.

SUPPLIERS

Our suppliers are mainly located in Hong Kong, the PRC and the United States, which primarily consist of market data suppliers and cloud infrastructure service providers. As at the Latest Practicable Date, we had entered into market data vendor licence agreements with the market information service companies of stock and future exchanges and one market data vendor with respect to the market data supply for the Hong Kong Stock Exchange, the Hong Kong Future Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ.

For the years ended 31 March 2016, 2017 and 2018, purchases from our largest supplier, accounted for 79.6%, 71.2% and 63.3%, respectively, of our total purchases, while purchases from our five largest suppliers accounted for 92.0%, 94.4% and 86.7%, respectively, of our total purchases during the same periods. Except for Tele-Trend Limited, all of our five largest suppliers during the Track Record Period were Independent Third Parties. None of our Directors, their associates or any Shareholder (whom to the knowledge of our Directors owns more than 5.0% of our issued share capital) held any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

For further details on our arrangements with our suppliers and the profile of our five largest suppliers, please refer to the section headed "Business – Suppliers" in this prospectus.

COMPETITIVE LANDSCAPE

The integrated securities trading platform services market in Hong Kong is very competitive. Market players target a variety of brokerage firms by facilitating low-latency and cost-efficient trading system which demonstrates increasing significance. They compete with each other on data security, brand reputation, service pricing and the capability of providing integrated services.

The integrated securities trading platform market in Hong Kong can be categorised into two segments, namely, the MNCs, which mainly provide services to category A and category B stock exchange participants, and non-MNC players, namely local and PRC players, which mainly provide services to category B and category C stock exchange participants. According to the Frost & Sullivan Report, in terms of the revenue generated for the year ended 31 March 2018, MNC players and non-MNC players accounted for approximately 47.8% and 52.2%, respectively, of the market share of the integrated securities trading platform services market in Hong Kong. During the same period, the five largest non-MNC players accounted for approximately 43.1% of the total market share of securities trading platform services market in Hong Kong in terms of revenue. We were the 5th largest securities trading platform service provider among non-MNC players in Hong Kong in terms of revenue for the year ended 31 March 2018, representing a market share of approximately 2.2%. For further details, please refer to the section headed "Industry Overview – Competitive Landscape" in this prospectus.

SHAREHOLDER INFORMATION

Immediately following the completion of the Capitalisation Issue and the Share Offer, each of Mr. Liu Yong, Fortune Promise and Mao Jia will control more than 30% of the issued share capital of our Company. Further, as Stand Tall and Xin Cheng are 30%-controlled

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companies (as defined under the GEM Listing Rules) of Mr. Liu Yong, Stand Tall and Xin Cheng are therefore close associates of Mr. Liu Yong. For the purpose of the GEM Listing Rules, Mr. Liu Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng are our Controlling Shareholders. Fortune Promise, Mao Jia, Stand Tall and Xin Cheng are investment holding companies and have not commenced any substantive business activities as at the Latest Practicable Date. Each of Mr. Liu Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules. In order to avoid any possible future competition between our Group and our Controlling Shareholders, our Controlling Shareholders have given unconditional and irrevocable non-compete undertakings in favour of our Group under a deed of non-competition. For further details, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

STATISTICS OF THE SHARE OFFER

	Based on the minimum indicative Offer Price of HK\$0.64 per Share	Based on the maximum indicative Offer Price of HK\$0.80 per Share
Market capitalisation of our Shares ⁽¹⁾	HK\$320.0 million	HK\$400.0 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share ⁽²⁾	HK\$0.133	HK\$0.172

Notes:

1. The calculation of the market capitalisation of our Shares is based on 500,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer but does not take into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the Offer Size Adjustment Option is not exercised or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.
2. The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share is calculated after making the adjustments referred to in “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus and based on 500,000,000 Shares expected to be in issue (being the number of Shares expected to be in issue immediately after completion of the Capitalisation Issue and the Share Offer, assuming that the Capitalisation Issue and the Share Offer had been completed as at 31 March 2018, but taking no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme) at the respective Offer Price of HK\$0.64 and HK\$0.80 per Share.

SUMMARY OF FINANCIAL INFORMATION

The following tables set out the consolidated financial information of our Group during the Track Record Period as extracted from, and should be read in conjunction with the Accountants’ Report in Appendix I to this prospectus.

Summary of consolidated statements of profit or loss and other comprehensive income

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

SUMMARY

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	33,277	40,398	43,209
Profit/(loss) before taxation	4,500	(75)	643
Profit/(loss) for the year	3,428	(2,628)	(1,069)
Total comprehensive income for the year	<u>3,671</u>	<u>(2,239)</u>	<u>(684)</u>

Summary of consolidated statements of financial position

The table below sets forth the selected consolidated statements of financial position items as at the date indicated:

	As at 31 March			<i>(unaudited)</i> As at 31 July
	2016	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	11,676	25,884	26,268	18,853
Current liabilities	13,437	19,202	21,845	17,020
Net current (liabilities)/assets	(1,761)	6,682	4,423	1,833

As at 31 March 2016, we had net current liabilities of HK\$1.8 million, which primarily reflected (i) our trade and other payables comprising the receipt in advance of upfront payment received from our customers for front office trading system service, market data services and value-added services, (ii) amount due to Tele-Trend Limited, our former shareholder and also one of our major suppliers, resulting from the trading activities between our Group and Tele-Trend Limited, (iii) amount due to TradeBook Global as a result of the prepayment by TradeBook Global Limited of the proceeds for issue of 10,000 new ordinary shares by Tele-Trend Konson, and (iv) tax payable to relevant tax authorities.

Please refer to the sections headed “Financial Information – Net Current Assets/Liabilities” and “Financial Information – Certain Statement of Financial Position Items” in this prospectus.

Summary of consolidated cash flow statements

The following table sets forth our selected cash flow data for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	4,659	10,609	2,674
Net cash used in investing activities	(3,509)	(4,481)	(5,054)
Net cash (used in)/generated from financing activities	<u>(97)</u>	<u>3,353</u>	<u>(2,495)</u>

SUMMARY

Please refer to the section headed “Financial Information – Liquidity and Capital Resources” in this prospectus.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	For the year ended 31 March		
	2016	2017	2018
Net profit margin	10.3%	(6.5)%	(2.5)%
Return on equity	80.0%	(19.2)%	(7.6)%
Return on total assets	19.3%	(8.0)%	(3.0)%
Current ratio	0.9	1.3	1.2
Trade receivable turnover days ⁽¹⁾	83.6	77.6	90.3
Trade payable turnover days ⁽²⁾	3.4	7.3	41.4

Notes:

- (1) The ending balances of trade receivables at the end of the year, divided by the revenue for the year and multiplied by the number of days contained in that year. Please refer to the section headed “Financial Information – Certain Statement of Financial Position Items – Trade and Other Receivables” for more information.
- (2) The ending balances of trade payables at the end of the year, divided by the direct costs for the year and multiplied by the number of days contained in that year. Please refer to the section headed “Financial Information – Certain Statement of Financial Position Items – Trade and Other Payables” for more information.

Please refer to the section headed “Financial Information – Key Financial Ratios” in this prospectus for more information on the calculation and analysis of the other key financial ratios.

NON-HKFRS MEASURES

In the year ended 31 March 2016, we had profit for the year of HK\$3.4 million while we recorded loss for the year of HK\$2.6 million and HK\$1.1 million, respectively, for the years ended 31 March 2017 and 2018. During the same periods, we recognised certain amounts of equity-settled share-based payments and non-recurring listing expenses. To supplement our consolidated financial information which are presented in accordance with HKFRSs, we also presented the adjusted profit for the year and adjusted net profit margin for the year as non-HKFRS measures. We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of equity-settled share-based payments and listing expenses which are considered not indicative in understanding and evaluating our consolidated results of operations in the same manner as our management does and in comparing financial results across accounting periods and to those of our peer companies.

SUMMARY

The following table sets forth the reconciliation between profit/(loss) for the year and adjusted profit for the year during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	3,428	(2,628)	(1,069)
add:			
Equity-settled share-based payments	4,199	5,927	1,041
Non-recurring listing expenses	–	6,183	6,131
Adjusted profit for the year	7,627	9,482	6,103

The following table sets forth the selected items of non-HKFRS measures during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>(HK\$'000, except for percentages)</i>		
Adjusted profit for the year ⁽¹⁾	7,627	9,482	6,103
Adjusted net profit margin ⁽²⁾	22.9%	23.5%	14.1%
Adjusted return on equity ⁽³⁾	178.0%	69.1%	43.4%
Adjusted return on total assets ⁽⁴⁾	43.0%	28.8%	17.0%

Notes:

- (1) Adjusted profit for the year is defined as profit for the year by adding back the equity-settled share-based payments and non-recurring listing expenses incurred during the relevant periods.
- (2) Adjusted net profit margin for the year is defined as dividing the adjusted profit for the year by our total revenue in respective periods.
- (3) Adjusted return on equity is defined as adjusted profit for the year divided by total equity as at the end of the year and multiplied by 100%. Please refer to the sections headed “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2017 Compared to Year Ended 31 March 2016 – Profit for the Year – Non-HKFRS measures” and “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2018 Compared to Year Ended 31 March 2017 – Profit for the Year – Non-HKFRS measures” for more information.
- (4) Adjusted return on total assets is defined as adjusted profit for the year divided by total assets as at the end of the year and multiplied by 100%. Please refer to the sections headed “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2017 Compared to Year Ended 31 March 2016 – Profit for the Year – Non-HKFRS measures” and “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2018 Compared to Year Ended 31 March 2017 – Profit for the Year – Non-HKFRS measures” for more information.

Our adjusted profit for the year decreased by HK\$3.4 million or 35.8% from HK\$9.5 million for the year ended 31 March 2017 to HK\$6.1 million for the year ended 31 March 2018, primarily as a result of the increase in staff costs (excluding the equity-settled share-based payments) as a result of recruitment of senior staff, general increase of staff salaries and bonus payments and the increase in amortisation of intangible assets as a result of launch of new products for the year ended 31 March 2018. Our adjusted net profit margin decreased from 23.5% for the year ended 31 March 2017 to 14.1% for the year ended 31 March 2018 primarily because of the combined effect of (i) increase in our revenue primarily due to the increase in revenue from our front office trading system services which was attributable to the increase in revenue generated from 22 new institutional customers subscribing our CMS trading system services in the year ended 31 March 2018; and (ii) decrease in our adjusted profit primarily due to abovementioned reasons.

SUMMARY

LISTING EXPENSES

During the Track Record Period, we incurred actual listing expenses of HK\$16.2 million, of which HK\$6.2 million was charged to our consolidated statement of profit or loss for the year ended 31 March 2017, HK\$6.1 million was charged to our consolidated statement of profit or loss for the year ended 31 March 2018 and HK\$3.9 million is expected to be charged against equity upon successful Listing under the relevant accounting guidelines. We expect to incur further listing expenses of approximately HK\$17.1 million, of which HK\$10.1 million will be charged to our consolidated statement of profit or loss for the year ending 31 March 2019 and HK\$7.0 million will be charged against equity upon successful Listing under the relevant accounting guidelines for the year ending 31 March 2019.

RECENT DEVELOPMENT

We have continued to focus on providing integrated front office trading system services and market data services to Hong Kong Brokerage Firm customers and their clients so as to consolidate and strengthen our market position in the securities trading platform services market in Hong Kong. As far we are aware, although the Hang Seng Index has decreased significantly recently, our integrated securities trading platform services market in Hong Kong remained relatively stable after the Track Record Period. However, if Hang Seng Index continues to decrease, the trading volume and activity of the Hong Kong securities market might be affected which might in turn adversely affect our revenue generated from market data services. From 31 March 2018 up to the Latest Practicable Date, we had not experienced any significant drop in our revenue or increase in our direct costs as there had been no significant changes to the general business model or operations for our Group. However, our depreciation and amortisation expenses and selling, general and administrative expenses had increased significantly from 31 March 2018 up to the Latest Practicable Date and are expected to continue increasing for the year ending 31 March 2019 due to (i) the amortisation of the capitalised costs of internally developed software systems; and (ii) the increase in the rental expenses of our new Shenzhen offices leased from January 2018.

Prospective investors are specifically warned that given the estimated non-recurring listing expenses of our Group, our financial performance for the year ending 31 March 2019 may not be comparable to that for the year ended 31 March 2018.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, save as disclosed in the paragraph headed “Listing Expenses” and “Recent Development” in this section, since 31 March 2018 and up to the date of this prospectus, (i) there had been no material adverse change in our financial, operational or trading position or our prospects; (ii) there had been no material adverse change in the regulatory environment or market conditions in Hong Kong or PRC or in the industries in which we operate; and (iii) there had been no event since 31 March 2018 that would materially affect our consolidated financial information as set out in Appendix I – “Accountants’ Report” to this prospectus.

DIVIDEND

For the years ended 31 March 2016 and 2017, an interim dividend of HK\$2.0 million and HK\$1.8 million, respectively, had been declared by Tele-Trend Konson to TradeBook Global Limited. During the Track Record Period, our Company had not declared any dividend to our equity shareholders. As at the Latest Practicable Date, our Company did not have any predetermined dividend payout ratio. After completion of the Share Offer, our Directors may at their discretion declare dividends to our Shareholders, after having regard to our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions and other factors as it may deem relevant at such time.

Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, the PRC laws and the Cayman Islands Company Law, including the approval of our Shareholders.

SUMMARY

USE OF PROCEEDS

Assuming an Offer Price of HK\$0.72 per Offer Share (being the mid-point of the stated Offer Price range), we estimate that we will receive net proceeds of approximately HK\$56.7 million from the Share Offer after deducting the underwriting commissions (excluding any discretionary incentive fee) and other estimated expenses, if the Offer Size Adjustment Option is not exercised.

We intend to use the net proceeds from the Share Offer, after deducting the underwriting commissions (excluding any discretionary incentive fee) and other estimated expenses, for the purposes and in the amounts set out below:

- approximately 14.7% of the net proceeds, or approximately HK\$8.3 million, will be used to developing innovative product offerings and enhance research and development capabilities;
- approximately 12.9% of the net proceeds, or approximately HK\$7.3 million, will be used to apply for additional market data vendor licences and conduct further marketing activities;
- approximately 5.7% of the net proceeds, or approximately HK\$3.2 million, will be used to expand our hardware infrastructure capacities and software portfolio;
- approximately 7.2% of the net proceeds, or approximately HK\$4.1 million, will be used to recruit non-R&D staff and conduct staff trainings;
- approximately 37.5% of the net proceeds, or approximately HK\$21.3 million, will be used to establish an R&D centre in the PRC;
- approximately 17.7% of the net proceeds, or approximately HK\$10.0 million, will be used to establish a marketing centre in Hong Kong; and
- approximately 4.3% of the net proceeds, or approximately HK\$2.5 million, will be used as general working capital of our Group.

For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

RISK FACTORS

We are subject to risks relating to our business, industry. Investors in the Offer Shares are also subject to risks relating to doing business in the PRC and risks relating to the Share Offer. These risks include primarily: (i) we may not be able to keep pace with the rapid changes in the integrated securities trading platform service market and our newly launched and upgrade of services may not be well received by the market; (ii) our cybersecurity management systems may be vulnerable to unexpected hackings or malware attacks; (iii) our technology infrastructure may experience unexpected system failure and interruption; (iv) our rapid growth during the Track Record Period may not be indicative of our future growth, and our relatively short operating history in developing the securities trading platform services make it difficult to evaluate our prospects and future financial performance; (v) we may not be able to maintain or grow our market data services; and (vi) we may not be able to successfully monetise the traffic on our open securities trading platform software *TradeGo Pro* for securities trading platform services. Please refer to the section headed “Risk Factors” in this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Accountants’ Report”	the accountants’ report of our Group from the reporting accountants as set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), individually or collectively, as the context may require
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 29 August 2018, and as amended, supplemented and otherwise modified from time to time
“Asia Wealth”	Asia Wealth Management Centre Limited (亞洲財富管理中心有限公司), a company incorporated in Hong Kong with limited liability on 2 June 2005 and one of our Shareholders
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board” or “our Board”	the board of Directors
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a measurement to assess the growth rate of value over time

DEFINITIONS

“Capitalisation Issue”	the issue of 374,430,200 new Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as detailed in the subsection headed “A. Further Information about Our Company – 3. Written resolutions of our Shareholders passed on 29 August 2018” in Appendix IV to this prospectus
“Cayman Islands Company Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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

DEFINITIONS

“Company” or “our Company”	TradeGo Fintech Limited, an exempted company with limited liability incorporated in the Cayman Islands on 15 June 2017
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and in the context of this prospectus, refers to the controlling shareholders of our Company, being Mr. Liu Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)”	the director(s) of our Company
“DowCapital”	DowCapital Group Limited (資本道集團有限公司), a company incorporated in the BVI with limited liability on 30 January 2008, and formerly a shareholder of TradeBook Global, further details of which are set out in the paragraph headed “Pre-IPO Investments” under the section headed “History, Reorganisation and Development” in this prospectus
“Fortune Promise”	Fortune Promise Global Limited (富望環球有限公司), a company incorporated in the BVI with limited liability on 20 March 2017 and one of our Controlling Shareholders
“Frost & Sullivan”	Frost & Sullivan International Limited, a market research and consulting company and an Independent Third Party, which prepared the Frost & Sullivan Report
“Frost & Sullivan Report”	the industry report prepared by Frost & Sullivan and commissioned by our Company regarding the securities trading platform services market in Hong Kong and PRC, as referred to in the section headed “Industry Overview” in this prospectus
“GEM”	GEM operated by the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“God of Stocks”	God of Stocks Investment Company Limited (伯克希爾哈撒韋投資有限公司), a company incorporated in Hong Kong with limited liability on 2 September 2014, and formerly a shareholder of TradeBook Global, further details of which are set out in the paragraph headed “Pre-IPO Investments” under the section headed “History, Reorganisation and Development” in this prospectus
“Greater China Region”	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider
“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the business operated by such subsidiaries or their predecessors (as the case may be)
“ HK eIPO White Form ”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website of HK eIPO White Form at www.hkeipo.hk
“HKEX”	Hong Kong Exchange and Clearing Limited
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong dollar(s)” or “HK\$” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Legal Counsel”	Mr. Chan Chung, barrister-at-law of Hong Kong, who is an Independent Third Party
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are independent and not connected with (within the meaning of the GEM Listing Rules) any of our Company, Directors, chief executive or substantial shareholders of our Company, our subsidiaries or any of their respective associates
“Joint Bookrunners”	Essence International Securities (Hong Kong) Limited, Yue Xiu Securities Company Limited and HK Monkey Securities Limited
“Joint Lead Managers”	Essence International Securities (Hong Kong) Limited, Yue Xiu Securities Company Limited and HK Monkey Securities Limited
“Joint Smart”	Joint Smart Global Limited (合智環球有限公司), a company incorporated in the BVI with limited liability on 15 July 2015 and one of our Shareholders
“Kun Peng”	Kun Peng Global Investment Company Limited (鯤鵬環球投資有限公司), a company incorporated in Hong Kong with limited liability on 23 November 2016 and one of our Shareholders
“Latest Practicable Date”	8 September 2018, being the latest practicable date for the purpose of ascertaining certain information in this prospectus
“Listing”	the listing of the Shares on the GEM
“Listing Date”	the date, expected to be on or around 28 September 2018, on which our Shares are listed on GEM
“Listing Division”	the Listing Division of the Stock Exchange

DEFINITIONS

“Mao Jia”	Mao Jia Holdings Limited (茂嘉控股有限公司), a company incorporated in the BVI with limited liability on 18 February 2015 and one of our Controlling Shareholders
“Mass Victory”	Mass Victory Ventures Limited (眾勝創投有限公司), a company incorporated in the BVI with limited liability on 24 March 2017
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, conditionally adopted on 29 August 2018, and as amended, supplemented and otherwise modified from time to time
“Mr. Du Tongzhou”	Mr. Du Tongzhou (杜同舟), a PRC citizen and a holder of 25% interest in Mass Victory
“Mr. Liao Jicheng”	Mr. Liao Jicheng (廖濟成), an executive Director
“Mr. Liu Yong”	Mr. Liu Yong (劉勇), chairman of the Board, an executive Director and a Controlling Shareholder
“Mr. Liu Zhenyu”	Mr. Liu Zhenyu (劉振宇), a PRC citizen and formerly a shareholder of Mao Jia
“Mr. Wan Yong”	Mr. Wan Yong (萬勇), an executive Director and a holder of 75% interest in Mass Victory
“Offer Price”	the price for each Offer Share of not more than HK\$0.8 per Share and expected to be not less than HK\$0.64 per Share (excluding brokerage, Stock Exchange trading fee and SFC transaction levy) and to be fixed on the Price Determination Date
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Offer Size Adjustment Option”	the option to be granted by our Company to the Sole Global Coordinator under the Underwriting Agreement to require our Company to issue up to an additional 18,750,000 Shares, representing 15% of the number of the Offer Shares, at the Offer Price to cover over-allocation in the Share Offer, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus

DEFINITIONS

“Placing”	the conditional placing of 112,500,000 new Shares by the Underwriters on behalf of our Company together with, where relevant, any additional Offer Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option for cash at the Offer Price, subject to the terms and conditions as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 112,500,000 new Shares initially offered for subscription at the Offer Price under the Placing, subject to re-allocation and the exercise of the Offer Size Adjustment Option, as described under 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
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing and expected to be entered into by, among others, our Company, the Controlling Shareholders, the executive Directors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters, as further described in the subsection headed “Underwriting – Placing” in this prospectus
“Power Mind”	Power Mind Global Limited (力思環球有限公司), a company incorporated in the BVI with limited liability on 2 June 2017 and a directly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“PRC Government”	the government of the PRC, including all government subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context otherwise specifies, any of them
“PRC Legal Adviser”	Shu Jin Law Firm, our legal adviser as to the PRC law
“Pre-IPO Equity Interest Incentive Scheme”	the Pre-IPO Equity Interest Incentive Scheme adopted on 16 July 2015 and revised on 10 July 2017, a summary of the principal terms of which is set out in the section headed “Statutory and General Information – E. Pre-IPO Equity Interest Incentive Scheme” in Appendix IV in this prospectus

DEFINITIONS

“Price Determination Date”	the date, expected to be on or around 20 September 2018 (or such later date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), on which the Offer Price is fixed for the purpose of the Share Offer
“Public Offer”	the offer by our Company of the Public Offer Shares for subscription to the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus and on and subject to the terms and conditions stated herein and in the Application Forms relating thereto
“Public Offer Shares”	the 12,500,000 new Shares initially offered by our Company for subscription at the Offer Price pursuant to the Public Offer (as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus)
“Public Offer Underwriter(s)”	the underwriter(s) of the Public Offer named in the subsection headed “Underwriting – Underwriters – Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 14 September 2018 relating to the Public Offer entered into, among others, our Company, the Controlling Shareholders, the executive Directors, the Sole Global Coordinator, as further described in subsection headed “Underwriting – Underwriting Arrangements and Expenses” in this prospectus
“Qianhai Xinfeng”	Shenzhen Qianhai Xinfeng Financial Services Company Limited* (深圳市前海新峰金融服務有限公司), a company established in the PRC with limited liability on 23 September 2015 and an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Reorganisation”	the reorganisation of our Group as set out in the section headed “History, Reorganisation and Development” in this prospectus, pursuant of which our Company became the holding company of our subsidiaries

DEFINITIONS

“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“Shenzhen”	Shenzhen City, Guangdong Province, the PRC
“Shenzhen Rongyi”	Shenzhen Rongyi Technology Company Limited* (深圳市融易科技有限公司) (formerly known as Shenzhen Jieli Trend Technology Company Limited* (深圳捷利趨勢科技有限公司)), a company established in the PRC with limited liability on 1 April 2010 and an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Shenzhen Software Park”	Shenzhen Software Park, Nanshan District, Shenzhen
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 29 August 2018 for the benefit of our Directors, employees and other eligible participants defined in the scheme, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV in this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Global Coordinator”	Essence International Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO

DEFINITIONS

“Sole Sponsor”	Essence Corporate Finance (Hong Kong) Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Stand Tall”	Stand Tall International Limited (立高國際有限公司), a company incorporated in the BVI with limited liability on 16 March 2017 and one of our Controlling Shareholders
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules, unless the context otherwise requires
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, modified and supplemented from time to time
“Tele-Trend Konson”	Tele-Trend Konson (Hong Kong) Limited (捷利港信(香港)有限公司), a company incorporated in Hong Kong with limited liability on 17 March 2011 and an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Tele-Trend Konson SZ”	Tele-Trend Konson Software (Shenzhen) Limited (捷利港信軟件(深圳)有限公司), a company established in the PRC with limited liability on 29 July 2010 as a wholly foreign-owned enterprise and an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Tele-Trend Limited”	Tele-Trend Limited (捷利資訊有限公司), a company incorporated and operated in Hong Kong with limited liability on 23 October 1990 and a former shareholder of Tele-Trend Konson
“Track Record Period”	the financial years of our Company ended 31 March 2016, 2017 and 2018
“TradeBook Global”	TradeBook Global Limited (交易寶環球有限公司), a company incorporated in the BVI with limited liability on 21 April 2015 and a former Shareholder

DEFINITIONS

“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriter Agreement
“United States” or “U.S.”	the United States of America
“U.S. dollar(s)” or “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“VAT”	value-added tax
“VMI”	VMI Mega Growth Fund SPC – VMI Mega Equity Investment Fund SP, a portfolio fund managed by a portfolio company incorporated in the Cayman Islands on 2 February 2016 and one of our Shareholders
“ WHITE Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be issued in the applicant’s own name(s)
“Xin Cheng”	Xin Cheng International Limited (鑫誠國際有限公司), a company incorporated in the BVI with limited liability on 18 February 2015 and one of our Controlling Shareholders
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be deposited directly in CCASS
“%”	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

The English translations which are marked with “*” of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms and definitions used in this prospectus in connection with our business. The terms and their meanings may not correspond to standard industry definitions or usage of such terms.

“AI”	artificial intelligence, intelligence exhibited by machines
“Android”	a Linux-based operating system designed primarily for touch screen mobile devices
“App(s)”	mobile app, software designed to run on smartphones and other mobile devices
“BSS” or “Broker Supplier System(s)”	trading facilities developed by Exchange Participants or vendors that enable Exchange Participants to provide electronic trading services to investors through the internet, mobile phones and other electronic channels
“Category A Exchange Participants”	the 14 largest Exchange Participants by market turnover
“Category B Exchange Participants”	the 15th to 65th Exchange Participants by market turnover
“Category C Exchange Participants”	stockbrokers, being Exchange Participants in the market, except for Category A Exchange Participants and Category B Exchange Participants
“CMS”	Commerce Middleware Server, a trading gateway system developed by us that enables automatic trading order processing
“CMS Plus”	Commerce Middleware Sever Plus, an intelligent trading gateway system developed by us that enables automatic purchase power check, order placing, clearing and settlement of trading orders among investors and brokerage firms and inter-brokerage firms
“customer retention rate”	a measurement in percentage of retained customers using the following formula: subtract the number of new customers acquired during a given period from the number of customers at the end of a given period, then dividing the number by the number of customers at start of the period

GLOSSARY OF TECHNICAL TERMS

“DDN”	digital data network, which uses digital transmission channels and digital cross multiplexing equipment to transmit data signals
“DDoS attack”	distributed denial-of-service attack, being a cyber-attack in which the perpetrator disrupts service of a host from many different sources with aim to make a machine or network unavoidable to the intended users
“ETF(s)”	exchange-traded funds, investment funds traded on stock exchanges
“Exchange Participant(s)”	a person or an institution which, in accordance with the rules of the Hong Kong Stock Exchange, or whose name is entered in a register kept by Hong Kong Stock Exchange as a person or institution which, may trade through Hong Kong Stock Exchange
“Financial Intermediary(ies)”	a financial intermediary is an institution or individual that serves as a middleman for different parties in a financial transaction
“GB”	gigabyte, a multiple of the unit byte for digital information
“Ghz”	gigahertz, a unit of frequency
“Hong Kong Brokerage Firm(s)”	corporations licensed under the SFO to conduct brokerage activities with type 1 licence (dealing in securities)
“KYC”	know-your-client
“iOS”	a mobile operating system developed and distributed by Apple Inc.
“IPO”	initial public offering
“IT”	information technology
“Mbps”	megabits per second, a unit of data transfer rate
“Microsoft Windows”	several families of graphical operating systems developed, marketed, and sold by Microsoft Corporation

GLOSSARY OF TECHNICAL TERMS

“Mac OS”	Macintosh operating systems developed by Apple Inc.
“MB/s”	megabyte per second, a unit of data transfer rate, 1 MB/s = 8 Mbps
“MNC”	multinational corporations
“NASDAQ”	Nasdaq Stock Market, an American stock exchange
“online”	being connected to the internet or network
“OTC”	over-the-counter, being securities traded in some context other than on a formal exchanges
“PC”	a personal computer
“PRC Background Brokerage Firm(s)”	brokerage firm(s) established outside of the PRC by PRC financial institutions regulated by CSRC, China Banking Regulatory Commission or China Insurance Regulatory Commission
“R&D”	research and development
“real-time”	occurring immediately, events simulated by a computer at the same speed that they would occur in real life
“robo adviser(s)”	automated investment advisor which uses a series of intelligent algorithm and portfolio optimisation model to provide investors with financial advice or portfolio management online. The algorithms are executed by software which allocates the asset based on the risk preferences and desired target return of individual investors, requiring no human financial advisor
“Shanghai-Hong Kong Stock Connect”	securities trading and clearing links programmes for establishing mutual market access between the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The mutual order-routing connectivity and related technical infrastructure established by the Shanghai Stock Exchange and the Hong Kong Stock Exchange enable investors in their respective markets to trade designated securities listed in the other’s market

GLOSSARY OF TECHNICAL TERMS

“Shenzhen-Hong Kong Stock Connect”	securities trading and clearing links programmes for establishing mutual market access between the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. The mutual order-routing connectivity and related technical infrastructure established by the Shenzhen Stock Exchange and the Hong Kong Stock Exchange enable investors in their respective markets to trade designated securities listed in the other’s market
“SMS”	short message service
“TradeGo”	a family of trading platform software developed by us
“TradeGo Pro”	open trading platform software developed by us as commercial off-the-shelf software
“USB”	Universal Serial Bus, an industry standard that defines cables, connectors and communications protocols for connection, communication, and power supply between computers and electronic devices
“WeChat”	a free, cross-platform and instant messaging application developed by Tencent Holdings Limited

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to: The risks and uncertainties, many of which are beyond our control, that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to execute these strategies;
- our capital expenditure plans;
- our operations and business prospects;
- our financial conditions;
- our ability to reduce costs;
- availability of bank loans and other forms of financing;
- our dividend policy;
- the future developments trends, conditions and competitive environment in our industry;
- the effect of the global financial markets;
- changes or volatility in interest rates, foreign exchange rates and overall market changes;
- the regulatory environment for our industry in general; and
- the general economic, political and business conditions in the markets in which we operate.

The words “anticipate”, “believe”, “consider”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “project”, “seek”, “will”, “would”, and similar expressions and the negative of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in the section headed “Risk Factors” in this prospectus, many of which are beyond our Company’s control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us or our Directors that its plans or objectives will be achieved. If any or all of these risks or

FORWARD-LOOKING STATEMENTS

uncertainties materialise, or the underlying assumptions prove to be incorrect, our financial conditions may be materially and adversely affected and actual outcomes may differ materially from those described in this prospectus as anticipated, believed or expected.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly 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.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of our Shares could decline significantly due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in our business and operations and in connection with the Share Offer. Such risks can be categorised into (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Share Offer. Additional risks and uncertainties presently unknown to us or not expressed or implied below, or that we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS

We may not be able to keep pace with the rapid changes in the integrated securities trading platform service market and our newly launched and upgrade services may not be well received by the market.

The integrated securities trading platform service market is characterised by rapidly-changing technology and consequent introduction of new services. In order to continue to build up our brand name in the integrated securities trading platform service market and expand our business, we must continue to invest significant resources in research and development to develop new services and software that appeal to our customers and to improve and upgrade our existing software, including the introduction of upgrades and enhancements for our existing integrated securities trading platform services. As an integrated securities trading platform service provider focusing on the provision of integrated front office trading system services and market data services to Hong Kong Brokerage Firms, we have introduced a series of new services to address the changing and evolving customer demands including our CMS Plus trading system which enables brokerage firms to simultaneously access to different financial markets worldwide and trade multiple financial instruments via other brokerage firms which have market access of these markets, simulation trading platform services, online account opening appointment services and cloud infrastructure services. Please refer to the section headed “Business – Our Services” for more information.

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Our ability to successfully develop new types of integrated securities trading platform services largely depends on our ability to (i) anticipate and effectively respond to changing interests and preferences of our customers and technological advances in a timely manner, (ii) anticipate and respond to changes in the competitive landscape, (iii) attract, retain and motivate talented software development personnel, and (iv) execute our software development plans effectively. We cannot guarantee that our future self-developed integrated securities trading platform services will be successful, or the rapidly changing industry trends and player preferences will not render our services obsolete over time.

If we are unable to anticipate and respond to interests and preferences of our customers or industry changes to enhance our self-developed platform software, or if we are unable to develop new value added services, our customer base may not increase at the rate we anticipate, or at all, and it may even decrease. As a result, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our cybersecurity management systems may be vulnerable to unexpected hackings or malware attacks.

Our business operations are dependent on the reliability of our cybersecurity management system. Our information system stores, processes and transmits our customers' confidential information, including identity information, contact information, trading information and other sensitive data. Any security breach caused by hackings, which involve unauthorised access to our information system, or intentional malfunctions, loss or corruption of data, software, hardware or other computer equipment, the intentional or inadvertent transmission of computer viruses and similar events or third-party actions could have a material adverse effect on our business, financial condition and results of operations. In 2014, our information system was under attack by unidentified sources, which disrupted our information system for about two hours. Immediately after the incident, we implemented various measures to protect our information security system from outside attack. Please refer to the section headed "Business – Internal Control, Risk Management and Corporate Governance – Network Security Risk Management" in this prospectus for more information.

Any compromise of our information security could damage our reputation and brand and expose us to a risk of loss, costly litigation and liability that would materially harm our business and operating results. We may not have adequately assessed the internal and external risks posed to the security of our information system and may not have implemented adequate preventative safeguards or take adequate reactionary measures in the event of a security incident. Our operating system and data storage are vulnerable to damages and attacks due to human error, fire, telecommunication failures, hacker attack and other unexpected events. Any damage or interruptions may deteriorate our reputation and could have a material and adverse effect on our business, financial performance and results of operations.

RISK FACTORS

Our technology infrastructure may experience unexpected system failure or interruption.

We consider our hardware infrastructure system as the key and fundamental layer of our service system. Our hardware infrastructure system mainly consists of cloud servers, on-premise servers and DDN leased lines, which are provided by third-party hardware supplier, cloud-computing service providers and telecommunication service providers. However, our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as software malfunction or network overload. Our growing operations will place increasing pressure on our server. We may encounter problems when upgrading our systems or services and undetected programming errors, which could adversely affect the performance of our software and user experience. In addition, we rely on third-party cloud-computing service for our network infrastructure and technology systems, including data storage for our owned and leased servers. As we have limited control over such service, we cannot assure you that such service is free of defects and meet with relevant quality.

Furthermore, our infrastructure is also vulnerable to damages from fires, floods, earthquakes, power loss and telecommunication failures. Any network interruption or inadequacy that causes interruptions to our software system, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our customers' satisfaction, which, in turn, will adversely affect our business, financial performance and results of operations.

Our growth during the Track Record Period may not be indicative of our future growth, and our relatively short history in developing integrated securities trading platform services make it difficult to evaluate our prospects and future financial performance.

We have a limited history of developing integrated securities trading platform services based on which the viability and sustainability of our business model may be evaluated. Our securities trading platform software, *TradeGo* and *TradeGo Pro*, which are the major delivery channels of our integrated securities trading platform services, were both launched in 2014. In 2016, we introduced newly developed CMS Plus trading system service and online account opening appointment service, which brought broader market access to brokerage firm customers and improved convenience in securities trading account opening for PRC investors. Our business experienced growth from the year ended 31 March 2016 to the year ended 31 March 2018. Our revenue increased from HK\$33.3 million for the year ended 31 March 2016 to HK\$40.4 million for the year ended 31 March 2017 and to HK\$43.2 million for the year ended 31 March 2018, representing a CAGR of 13.9%. In particular, revenue generated from our value-added services experienced fast growth during the Track Record Period, which amounted to HK\$3.2 million and HK\$8.9 million for the years ended 31 March 2016 and 2017, respectively, representing a growth rate of 178.1%. Revenue derived from our front office trading system services also recorded a CAGR of 23.0% from the year ended 31 March 2016 to the year ended 31 March 2018, increased from HK\$12.5 million for the year ended 31 March 2016 to HK\$14.0 million for the year ended 31 March 2017 and to HK\$18.9 million for the year ended 31 March 2018. However, revenue contribution from our value-added services may

RISK FACTORS

not be sustainable, given our short operating history in developing integrated securities trading platform services which makes it difficult to effectively evaluate our prospects and future financial performance. Revenue generated from our value-added services decreased by 23.6% from the year ended 31 March 2017 to the year ended 31 March 2018. Further, we had experienced a loss of HK\$2.6 million for the year ended 31 March 2017, mainly attributable to the equity-settled share-based payments and the non-recurring listing expenses incurred in relation to our Listing application. Our adjusted profit for the same year is HK\$9.5 million. Please refer to the section headed “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2017 Compared to Year Ended 31 March 2016 – Profit for the Year – Non-HKFRS measures” in this prospectus for more information. We cannot assure you that we may achieve profitability in the future.

We face various risks and uncertainties as a result of our strategic decision to develop more innovative product offerings as well as our investment on expanding our market data services and promoting *TradeGo Pro*, the open trading platform software. Such risks and uncertainties include:

- given the fast pace with which integrated securities trading platform services have been developed, we may not be able to continuously identify, develop, licence, publish and update our services that are suitable for rapidly evolving technological advancement in a timely and cost-effectively manner, or at all;
- we may not be able to anticipate and effectively respond to the changing needs of customers on front office trading system and market data services, or effectively promote our services to our existing customers and attract new customers;
- each mobile device manufacturer and operating system and platform developers may establish unique technological requirements or restrictive terms and conditions for our securities trading platform software on their devices, and our integrated securities trading platform software may not be compatible or functional on these devices, especially immediately after such devices are launched or upgraded, and we may need to devote significant resources for the creation, update, support and maintenance of our securities trading platform software to keep pace with the evolving technology environment;
- we may not be able to successfully manage our growth and business expansion, including controlling costs, establishing sufficient internal controls, and maintaining our corporate culture; and
- we may not be able to continuously upgrade our technology and infrastructure to support increasing customer base and expand our services and to maintain our system stability.

RISK FACTORS

These and other risks and uncertainties make it difficult to assess whether we will continue to succeed in implementing our strategies relating to our business. Addressing these and other risks and uncertainties will require significant capital expenditure and allocation of valuable management and employee resources. If we fail to successfully address any of these risks and uncertainties, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to maintain or grow our market data services.

Delivery of market data from exchanges to investors is highly time-sensitive and specialised technologies designed to handle collection and throughout of massive data streams are used to distribute the information to investors. As an important component of our integrated trading platform software, we provide market data services to our customers and charge a usage fee based on their subscriptions. For the years ended 31 March 2016, 2017 and 2018, our market data licence fees were HK\$8.1 million, HK\$8.1 million and HK\$9.1 million, respectively, accounting for 83.7%, 79.9% and 76.5%, respectively, of our total direct costs during the same periods. The revenue attributable to our market data services amounted to HK\$17.6 million, HK\$17.5 million and HK\$17.5 million, respectively, representing 52.8%, 43.4% and 40.6%, respectively, of our total revenue for the years ended 31 March 2016, 2017 and 2018. The revenue generated from our market data services may continue to decline as we face fierce competition against a number of market data vendors which specialise in collecting, cleaning, collating and distributing market data.

Generally, the demand for our market data services is driven by the transaction demand from both end users of our institutional customers and our individual customers, which in turn is impacted by the trading volume and activity of the Hong Kong and the PRC securities markets. As market fluctuations are beyond our control, any significant decline in the trading volume and activity of the Hong Kong and the PRC securities markets and even other securities markets as we expand our market data services, may materially and adversely impact our results of operations. For instance, the Hang Seng Index has decreased significantly recently. Although our operations has not suffered from such market change at the current stage, we cannot assure that the market demand for our service offerings and our operations will not be adversely and materially affected if the Hang Seng Index continues to decrease.

In addition, there is a general trend that the licence fee for market data of global financial markets will continuously increase and market data vendors will likely to compete in the coverage of the market data services, which will result in additional types of licences and increased costs for market data vendors. As part of our business strategies, we intend to apply for additional market data vendor licences and make strategic acquisitions to expand our service coverage on our securities trading platforms software. Our business strategies may affect our future financial results, including by decreasing our margins and net income attributable to our market data services. Historically, our costs in market data feeds have accounted for a significant portion of our direct costs each year and we expect to continue to incur increasing costs as we apply for additional market data vendor licences to attract more end-users to use our securities trading platform software. Increases in our costs may materially and adversely affect our business and profitability and there is no assurance that we will be able to sustain our net income growth rates or our margins in the market data services.

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We may not be able to successfully monetise the traffic on our open securities trading platform software *TradeGo Pro* for integrated securities trading platform services.

In 2014, we launched our open trading platform software *TradeGo Pro* under our own brand name. Since its first introduction, an increasing number of users has been accessing our services through *TradeGo Pro*. The number of registered users of *TradeGo Pro* reached 95,758 as at 31 March 2018, representing an increase of 389.5% from 19,562 as at 31 March 2016. During the Track Record Period and up to the Latest Practicable Date, we commercialised *TradeGo Pro* and monetised its growing customer base primarily through the end users' subscription of market data services provided through *TradeGo Pro*. Our ability to monetise our open trading platform software traffic is important to our business and our growth. We face a number of challenges to successfully monetising our open trading platform software, including:

- providing services in a compelling and effective manner on our open trading platform software;
- offering a comprehensive user experience on our open trading platform software;
- ensuring that the services provided through open trading platform software are secure and trusted; and
- diversifying sources of revenue generated from our open trading platform software.

If we are unable to monetise that increasing use of our open trading platform software, our business may not be able to achieve fast growth. Although we do not believe the increasing use of our open trading platform software has had an adverse effect on our business, our rapid overall growth and financial performance may be adversely affected. We expect the number of registered users of our open trading platform software will continue to grow and that our monetisation rates for trading service on our open trading platform software will be lower than those for market data services because to date our focus has not been on maximising monetisation of trading services through our open trading platform software and we have only recently begun to monetise our open trading platform software for trading services. Going forward we believe our trading platform software will become an increasingly important source of revenue and a key growth driver to our Group.

We are dependent on the continuing service of our senior management team and key technical staff with strong research and development capabilities and the loss of talents may have an adverse effect on our business, financial condition and results of operations.

Our experienced, visionary and passionate management team is instrumental to our success. Mr. Liu, the chairman and co-founder of our Group, has over 10 years of experience in the finance and information technology industries, with specialised experience in the front office trading system and market data services fields. Other Directors and senior management team members also have substantial experience in key areas of our business operations such as

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financial service, software development and sales and marketing. If one or more of the members of our senior management team are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be adversely affected.

Our success is also dependent upon our ability to hire and retain qualified employees with strong research and development capabilities to develop innovative, practical and easy-to-use software and hardware services. Our research and development function consists of high-calibre and skilled personnel with extensive experience in their respective fields. As at 31 March 2018, we had 66 research and development staff of which all attained tertiary education and approximately 60.6% of them majored in computer science or related majors. Our research and development function made up over a half of the total number of our employees. There is no assurance that we will continue to be able to attract and retain enough qualified technical staff for our operation and future expansion. If one or more of our key technical staff cease to serve in our Group and we are unable to timely find replaceable employees with requisite technical skills, our business, financial condition and results of operation will be materially and adversely affected.

We are subject to audit of exchanges and may not be able to extend our existing market data vendor licences or apply for additional market data vendor licences, which will materially and adversely affect our market data service segment of business.

Market data service segment is an important component of our business. For the years ended 31 March 2016, 2017 and 2018, revenue attributable to our market data services amounted to 52.8%, 43.4% and 40.6% of our total revenue, respectively. We need to maintain good relationships with stock and future exchanges to ensure the continued smooth operation of our market data service segment of business. Pursuant to our licence agreements with the designated data dissemination entity and other market data vendor, we are required to maintain complete and accurate records on the calculation of volume-based fees and are subject to inspection and audit on our records and relevant documents periodically or from time to time. If the exchanges are not satisfied with the results, such audits may have adverse impact on the amount of our payable to exchanges for the market data services and may further influence the extension of our market data vendor licences. In addition, not all of our licence agreements allow us to automatically extend the term of the licence without renegotiating with the licensors. Please refer to the section headed “Business – Suppliers – Market Data Suppliers – Market Data Vendor Licence Agreement with Exchanges and Other Market Data Vendor” in this prospectus for more information of the salient terms of market data licence agreements with market data providers. We may want to extend a market data vendor licence upon its expiration but may not be able to do so on terms acceptable to us or at all. Our licensors may also demand new royalty terms that are unacceptable to us. Our ability to continue to extend licences and to maintain good relationships with our licensors also affect our ability to apply for additional market data vendor licences by the same licensors. During the Track Record Period, Tele-Trend Limited, a connected person of our Company and a former controlling shareholder of our Hong Kong operating subsidiary, was licensed to distribute the market data of the Hong Kong Stock Exchange and Hong Kong Futures Exchange. Tele-Trend Konson was

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sub-licensed by Tele-Trend Limited to distribute the market data of the aforesaid exchanges to customers. However, due to a share transfer, being part of the Reorganisation, Tele-Trend Konson ceased to be a related company (as defined in the TT Licence Agreement) and thus entered into a market data vendor licence agreement with the designated data dissemination entity of HKEX with similar terms and arrangements of the TT Licence Agreement and have been licensed to distribute market data directly from 1 April 2017. Please refer to the section headed “Business – Suppliers – Market Data Suppliers – Market Data Vendor Licence Agreement with Exchanges and Other Market Data Vendor – Sub-Licence by Tele-Trend Limited” in this prospectus for details. If we fail to maintain good relationships with our licensors, extend licences for our existing market data vendor licences, our business and results of operation may be materially and adversely affected.

We are exposed to the credit risk of our customers

We are subject to the credit risks of our customers and our cashflow is dependent on the payments from our customers for services we provide to them. Trade receivables turnover days for the years ended 31 March 2016, 2017 and 2018 were 83.6 days, 77.6 days and 90.3 days, respectively. In addition, the turnover days of our invoiced trade receivables for the years ended 31 March 2016, 2017 and 2018 were 39.4 days, 39.3 days and 46.8 days, respectively. Although we generally did not provide any credit term to our customers and the service fees were due and payable by the customers on the relevant invoice dates we would require some time in issuing invoices to our customers. For example, invoices for our market data services are issued on a monthly basis after we send the data usage to our customers with no objection received from the customers. Such invoices will usually be issued with the next month. Please refer to the section headed “Financial Information – Certain Statement of Financial Position Items – Trade and Other Receivables” in this prospectus for the reasons for the changes in our trade receivables turnover days during the Track Record Period and our invoice issuance procedure.

Other than the provision for doubtful debts of HK\$0.7 million we made as at 31 March 2018 which was related to the trade and other receivables due from one institutional customer with respect to cloud infrastructure services and four institutional customers with respect to market data services, we did not make any provisions for doubtful debts during the Track Record Period pursuant to the HKFRS and our accounting policies. However, we cannot assure you that we will be able to collect all or any part of our trade receivables. In addition, if any of our customers were to go into liquidation or bankruptcy, we might not be able to receive full or any payment of uncollected sums due to us or enforce any judgement debts on such customers. Non-payment or any substantial delay in payments by our customers could materially and adversely affect our business, financial condition and results of operations. Please refer to the section headed “Financial Information – Qualitative and Quantitative Disclosure about Market Risk – Credit Risk” in this prospectus for further details.

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We had net current liabilities during the Track Record Period and may continue to have net current liabilities in the future.

As at 31 March 2016, we had net current liabilities of HK\$1.8 million. Our net current liabilities mainly comprised of trade and other payables, amount due to our former shareholders, amount due to TradeBook Global and tax payable. Please refer to the section headed “Financial Information – Net Current (Liabilities)/Assets” in this prospectus for detail.

Although we had recorded net current assets of HK\$6.7 million and HK\$4.4 million, respectively, as at 31 March 2017 and 2018, we cannot assure that we will not incur net current liabilities in the future. Our net current liabilities could have certain adverse impact on our business, including: (i) limiting our ability to repay our outstanding debt; (ii) making us more vulnerable to adverse changes in economic and industry conditions; (iii) limiting our flexibility in planning for or reacting to the changes in our businesses and the industry; and (iv) limiting our ability to raise more funds in the future and/or increasing our financing costs. In addition, we are unable to assure that we will not incur collateral-based borrowings in the future. If our creditors enforce any security over our assets or trade receivables, our business, financial conditions, results of operations and prospects would be materially and adversely affected.

We may need additional capital to implement our future plans but may not be able to obtain it on favourable terms or at all.

The implementation of our future plans and the achievement of our business objectives require substantial capital expenditures. We may require additional cash resources due to future growth and development of our business. We plan to apply for market data vendor licences from exchanges of which we have yet been licensed to offer which we believe will have a solid market demand among financial institutions and investors in the Greater China Region, including Singapore Stock Exchange and London Stock Exchange, such licences may require significant capital expenditure. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and PRC governmental regulations over foreign investment and the Internet industry in the PRC. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There is no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all. Any failure to raise needed funds on terms favourable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

RISK FACTORS

We may not be able to adequately manage our future expansion or achieve our plan of growth through acquisitions, alliances and other investments.




We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including business combinations, acquisitions and dispositions of businesses, technologies, services and other assets, as well as strategic investments and alliances. For example, we plan to acquire possible complementary businesses which include (i) a BSS vendor with proven track record in developing and operating BSS for Hong Kong Brokerage Firms; and (ii) a financial technology company possessing cutting edge technologies such as AI-based trading algorithm, big data analytics and other technologies related to the development of robo adviser. At any given time we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. These transactions involve significant challenges and risks, including:

- difficulties integrating into our operations the personnel, operations, services, technology, internal controls and financial reporting of companies we acquire;
- disrupting our ongoing business, distracting our management and employees and increasing our expenses;
- losing skilled professionals as well as established client relationships of the businesses we invest in or acquire;
- for investments over which we may not obtain management and operational control, we may lack influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investment;
- new regulatory requirements and compliance risks that we become subject to as a result of acquisitions in new industries or otherwise;
- actual or alleged misconduct or non-compliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;
- regulatory hurdles including in relation to the anti-monopoly and competition laws, rules and regulations in connection with any proposed acquisitions;
- the risk that any of our pending or other future proposed acquisitions does not close; and
- challenges in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions.

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We do not have substantial experience in integrating major acquisitions. Any of these difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses, such as impairment charges and write-offs.

We may be exposed to intellectual property infringement and other claims, which could be time consuming or costly to defend and may result in substantial damage awards.

Our success depends on our capability to use and develop our intellectual property rights. We have adopted and used certain trademarks during the Track Record Period, such as “ 交易寶環球”, “ ” and “ ” (the “Used Marks”), which we were unable to register as trademarks in Hong Kong because similar trademarks had been registered by other unrelated third parties in Hong Kong. In 2017, we had ceased to use the Used Marks and replace them with other trademarks registered by us. We may face disputes or claims from third parties regarding our usage of the Used Marks in the history, which will be expensive and will divert our management’s attention as well as other resources away from our business. For further information on the legal implication of our usage of the Used Marks during the Track Record Period, please refer to the section headed “Business – Intellectual Property”.

In addition, during the Track Record Period our securities trading platform software, including *TradeGo* and *TradeGo Pro*, utilised web crawler technology to extract financial news articles from other websites and display them on our securities trading platform software. Such web scraping activities may cause intellectual property infringement under Hong Kong law and common law on copyright protection, even backlinks are generated and embedded in the extracted news on our securities trading platform software to direct the original sources and copyright owners of such news. For further information on our web scraping of financial news during the Track Record Period, please refer to the section headed “Business – Intellectual Property” in this prospectus.

We may face claims that our software infringe upon the intellectual property rights of third parties. The validity and scope of claims relating to our proprietary technologies or other intellectual property rights may involve complex scientific, legal and factual questions and analysis, and therefore may be highly uncertain. Defending such claims may divert our management’s attention from our business and may be time-consuming or costly. If any legal proceedings against us for infringement of intellectual property rights are successful, we may be ordered to pay for the losses incurred by the claiming parties due to our infringement of their intellectual property rights. In such cases, we may experience a material and adverse effect on our business and reputation.

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Failure to adequately protect our intellectual property rights could substantially harm our brand, our business and results of operations.

We believe our trade name, trademarks, software copyrights, trade secrets and other intellectual property rights are critical to our success. Any unauthorised use of our trade name, trademarks, software copyrights, trade secrets and other intellectual property rights could harm our competitive advantage and business. Our efforts in protecting our intellectual property rights may not always be effective. There is no assurance that counterfeiting or imitation of our integrated securities trading platform services will not occur in the future or, if it does occur, that we will be able to detect or address the problem in a timely and effective manner. The enforceability and scope of intellectual property protection in the integrated securities trading platform service market are uncertain, complicated and evolving. Preventing unauthorised use of our intellectual property will be expensive and will divert our management's attention as well as other resources away from our business. Any occurrence of counterfeiting or imitation of our integrated software or other infringement of our intellectual property rights could negatively affect our business and reputation, lead to loss of customer confidence in our software, and, as a consequence, adversely affect our results of operations.

We also rely on trade secrets and other intellectual property laws and regulations for protection if third parties infringe on our unregistered intellectual property. In order to protect our technology and know-how, we require non-disclosure undertaking from our former employees before their departure. These undertakings may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. In addition, others may independently develop such technology and know-how and discover proprietary information, limiting our ability to assert any trade secret rights against such parties. In particular, the validity and scope of claims relating to our proprietary technologies or other intellectual property rights may involve complex scientific, legal and factual questions and analysis, and therefore may be highly uncertain. Policing unauthorised use of proprietary technology may be inadequate. Any steps we have taken to prevent the misappropriation of our proprietary technology may be inadequate. Any occurrence of misappropriation of our proprietary technology could negatively affect our business and reputation, lead to loss of customer confidence in our software, and, as a consequence, adversely affect our business, financial information and results of operations.

We generate substantially all of our revenues from our integrated securities trading platform services. If we are unable to effectively market and price our service through our integrated securities trading platform services, or if we change our revenue model in the future but fail to effectively adjust to such new revenue model, our results of operations, financial condition and business prospects could be materially and adversely affected.

We currently generate the majority of our revenues from our integrated securities trading platform services. The success of this business model largely depends upon whether we can attract brokerage firms to subscribe our integrated securities trading platform services. It is possible that we may not be able to market and price our integrated securities trading platform

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services effectively. In addition, this model may cease to be commercially successful. There is no assurance that a sufficiently broad customer base will continue to accept this model or that a new, competing business model will not emerge. If we fail to continue to monetise our integrated securities trading platform services through sales to existing and new brokerage firms, our business, financial condition and prospects may be materially and adversely affected.

We may adjust our revenue model in the future if we determine that our existing revenue model is not optimal and focus on developing new revenue models for our open trading platform service. A change in revenue model could have adverse consequences, including criticism from customers who have invested money in the trading platform software and may be adversely affected by such a change, decrease in the number of our customers or decrease in revenue we generate from our integrated securities trading platform services.

Exchanges may change their data policy and offer real-time market data free of charge.

The major financial exchanges in Hong Kong, PRC and the United States offer different types of market data products as an important component of their products and services portfolios. These major exchanges also license market data vendors to distribute data feeds to financial intermediaries and end-users on chargeable basis. As a market data vendor, our revenue derived from our market data services contributed a significant portion of our total revenue during the Track Record Period. However, exchanges may change their data charge policy and offer market data to certain or all data-users for free. Furthermore, exchanges may change their data distribution policy and cease to maintain the market data vendor mechanism in response to the change in data charge policy. As we features in providing integrated front office trading system and market data services to our customers, the abolishment of market data vendor mechanism may have adverse impact on the competitiveness of our service offerings. If any major exchanges, in particular, the Hong Kong Stock Exchange, by which we are licensed to distribute chargeable market data services, change their data charge or data distribution policies, our business, financial condition and results of operations, in particular, revenue, will be materially and adversely affected.

We rely on third party operating systems and platforms to distribute our software, and our business, financial condition and results of operation may be materially and adversely affected if we fail to maintain relationship with a sufficient number of operating systems and platforms.

Our services are delivered through a diversity of operating systems and platforms, include but not limited to Microsoft Windows, Mac OS, Android, iOS and Web browsers. The operators of these third party operating systems and platforms have strong bargaining powers and we are therefore subject to the standard service terms and conditions in cooperating with them with regard to the promotion, distribution, operation and payment method. If any of these third party operating systems and platforms goes out of business, discontinues with us due to any reasons, limits our customers access to its channels, modifies its items of services or other policies, changes their fee structure, provides more favourable terms to our competitors or develops

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their own software that compete with us, or is forced to cease business relationship with us due to lack of required licence or permits or other compliance requirements, our business, financial condition and results of operation may be adversely affected.

In addition, we have benefited from the popularity of some mobile portals and online application stores' widely recognised brand names and large user bases. If any of these mobile portals or online application stores loses its market position or otherwise falls out of favour among users, or if there are other factors cause their user base to stop growing or shrink, or if any of them fails to perform its contractual obligations to us, we would need to identify alternative channels for distributing our operating systems and platforms, which would consume substantial resources and may not be effective, or available at all.

Our business operation depends upon the performance and reliability of the mobile networks and internet infrastructure in Hong Kong and PRC.

We provide front office trading system and market data services to our customers through mobile network and internet connections. As such, the successful operation and expansion of our business depends upon the availability of high speed mobile network and internet connection as well as the continuing improvement in the performance and reliability of such network and infrastructure. In particular, data flow between our proprietary infrastructure in the PRC and Hong Kong is transmitted through local and cross-border DDN leased lines which are dedicated entirely to our business. There can be no assurance that if the data transmission capacity demands of our service systems increase and further leased lines are required. If we fail to expand our data transmission capacity to address our increased data transmission capacity demands, our business, financial condition and results of operation could be materially and adversely affected.

Furthermore, the national networks in the PRC are connected to the internet through international gateways controlled by the PRC government. These international gateways are the only channels through which a PRC company can connect to the internet. They may not have adequate capacity to satisfy the demand from the continued growth in internet usage. If there is any infrastructure disruption or failure where we have no access to alternative networks and services, our business, financial condition and results of operation could be materially and adversely affected.

We may be exposed to legal risk related to non-compliance with PRC employee social insurance fund and housing provident fund.

In accordance with PRC labour laws and regulations, we are required to contribute to certain employee social insurance fund and housing provident fund. During the Track Record Period, our PRC subsidiaries had not been making contributions in full to the social insurance fund and housing provident fund for our employees.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and other applicable PRC laws and regulations, enterprises are required to provide their employees with welfare schemes, including funds for basic pension insurance, unemployment insurance,

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medical insurance, work injury insurance and maternity insurance. If the enterprise fails to pay social insurance funds or does not pay the full amount of social insurance funds, the relevant social insurance authority may order it to make the payment or make up the difference within a prescribed period and impose a daily fine equivalent to 0.05% of the delinquent payment from the date when the payment is overdue. If the enterprise still fails to make payment within the prescribed period, the relevant governmental department shall impose a fine in an amount of between one to three times of the overdue payment.

Pursuant to the Regulations on Management of Housing Provident Fund (住房公積金管理條例), which became effective on April 3, 1999 and as amended in 2002, enterprises are also required to register with the competent administrative centres of housing provident fund and open bank accounts for housing provident funds for employees. Enterprises are also obliged to timely pay and deposit then housing provident funds in the full amount. In the event that an enterprise fails to pay housing provident funds within the time period specified by the relevant PRC authorities, it may be subject to a fine ranging from RMB10,000 to RMB50,000. If the enterprise still fails to make overdue funds after expiry of the time limit, such relevant PRC authorities may apply to court for compulsory enforcement.

As such, we have made provision of HK\$0.3 million for our underpaid social insurance and housing provident funds during the Track Record Period. No assurance can be given that we will not be subject to the penalties by the relevant PRC authorities for our past non-compliance with social insurance and housing provident fund laws and regulations. Any penalty imposed on us could have an adverse effect on our business, cash flow and reputation.

Our lack of insurance could expose us to significant costs and business disruption.

We do not have any business liability or disruption insurance to cover our operations in China as we are unable to obtain such insurance product. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. In addition, we do not maintain any insurance policies covering risks including loss and theft of and damages to our equipment or facilities. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could result in substantial costs and diversion of resources for us and could adversely affect our financial conditions and results of operations.

We process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

Through our integrated securities trading platform services, in particular, our online account opening appointment service, we receive, store and process personal information and other data. There are numerous laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other data on the internet and mobile platforms, the scope of which is changing, subject to differing

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interpretations, and may be inconsistent between countries or conflict with other rules. It is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to customers, or our privacy-related legal obligations, or any compromise of security that results in any unauthorised release or transfer of personally identifiable information or other data, may result in governmental enforcement actions, litigation or public statements against us and could cause our customers to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as cloud service vendors, violate applicable laws or our policies, such violations may also put our end-users' information at risk and could in turn have an adverse effect on our business.

We conduct our business in a heavily regulated industry and incur ongoing compliance costs as well as face penalties for non-compliance.

The operations of our integrated securities trading platform services are subject to various PRC and Hong Kong laws and regulations, which are subject to amendments from time to time. Please refer to the section headed "Regulatory Overview" for more information. If we fail to comply with the applicable PRC and Hong Kong laws and regulations governing our operations, or are found to be non-compliant with any of these laws, regulations or rules, we may face penalties, suspension of operations or even revocation of operating licences, depending on the nature of the findings, any of which could materially and adversely affect our business, financial condition and results of operations.

Our data analytics capability may be adversely affected if we fail to properly collect, store or analyse market data.

Our front office trading system and market data services are data driven and we rely on our data analytics capability to continue developing new services, improve customer experience and eventually enhance monetisation of our services. We are required to collect all data, primarily including market data, trading data and announcement data, in accordance with certain protocols in a timely manner. If we fail to collect or retain certain data, we may not be able to conduct our data analytics. If there is significant delay in collecting data, the data may not be able to accurately or fairly reflect the latest market information and will be meaningless or even misleading. In addition, we cannot assure that our data will not be damaged or lost due to technical errors, security breaches or hacking activities. Furthermore, our data analytics methodology may not be as effective as expected and may fail to capture the latest market trend and customer preference. If any of the above occur, our business, financial condition and results of operation may be adversely affected.

Taxation authorities could challenge our allocation of taxable income which could increase our consolidated tax liability and in turn affect our results of operation.

During the Track Record Period, our research and development activities were undertaken by our PRC operating subsidiaries, Tele-Trend Konson SZ and Shenzhen Rongyi, which provided most of the research and development services to our Hong Kong operating

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subsidiary, Tele-Trend Konson, for onward sales to our customers. Our Hong Kong subsidiary paid certain amount of service fees to our PRC operating subsidiaries periodically for purchase of such services.

However, there can be no assurance that the tax authorities reviewing such arrangements would agree that we are in compliance with the relevant transfer pricing laws and regulations, or that such laws and regulations will not be modified in the future. In the event an authority of any relevant jurisdiction finds that the transfer prices were manipulated in a way that distorts the true taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby reallocate the income or adjust the taxable income or deduct cost and expense of the relevant subsidiaries in order to accurately reflect such income. Any such reallocation or adjustment could result in a higher overall tax liability for us and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY

The integrated securities trading platform service market in Hong Kong and the PRC is highly competitive.

The integrated securities trading platform service market is highly competitive and consists of a large number of developers. In recent years, numerous competitors have entered the integrated securities trading platform service market in Hong Kong and the PRC after the launch of Shanghai-Hong Kong Stock Connect in 2014 and Shenzhen-Hong Kong Stock Connect in 2016. We expect more companies to enter the market and a wider range of front office trading system and market data services to be introduced in China. Competition from other developers is likely to increase in the future. We compete principally with non-MNC players which primarily provide integrated securities trading platform services in Hong Kong. The integrated securities trading platform service market in China is constantly evolving, and unforeseen changes in this industry may prove to be more advantageous to certain competitors than to us. In particular, any of the competitors may provide services that provide improvements in performance, price, creativity or other advantages over our services, which may weaken our competitive position.

In addition, high-profile companies with significant market presences that have not yet developed front office trading system and market data services may decide to invest in the integrated securities trading platform service market. Some of our current and potential competitors have significant resources for developing or acquiring companies. They may also be able to leverage their own highly established brands, high user traffic and other assets in developing and marketing their services, and have a more diversified set of revenue sources than we do. As a result, they may be less severely affected by changes in consumer preferences, regulations or other developments that may impact the integrated securities trading platform service market. If any of our current or future competitors are acquired by, receiving investments from or enter into other strategic or commercial relationships with larger, more established and better financed companies, they may have access to significantly greater financial, marketing and licensing and development resources. If we are unable to compete effectively, our business, financial conditions and results of operations may be materially and adversely affected.

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The intense competition and market consolidation in the financial and brokerage industry may adversely affect our business development.

Our revenue are mainly generated from our front office trading system services and market data services provided to Hong Kong Brokerage Firms. The financial and brokerage industry in Hong Kong is characterised by intensive competition, in particular with the lifting of minimum commission fee restrictions. Intense competition in the industry may affect the profit of these brokerage firms and may consequently affect their willingness to invest in new technologies, which may have a material and adverse effect on our business development. Moreover, some small and medium-sized brokerage firms may face competition from larger brokerage firms that have greater financial and marketing resources and may be eventually phased out. The possible emergence of consolidation of the financial and brokerage industry in Hong Kong may lead to reduction in the numbers of market participant in the industry. If our potential and existing customers or their size of operation decrease, our business, financial condition and results of operation may be adversely affected.

We are exposed to the volatility of the financial market.

Our key customers are Hong Kong Brokerage Firms and the targeted end-users of our open trading platform software are retail investors in China and Hong Kong, whose demand for our services are dependent upon the performance of the financial markets of Hong Kong. The Hong Kong financial markets are directly affected by, among others, the global political and economic environments. Global and Hong Kong financial markets have fluctuated sharply in the past and experienced economic downturn. For instance, the global financial crisis started in 2008 materially and adversely affected the global economic environment, including Hong Kong and the PRC. Any sudden downturn in the global economic and financial environment, which are beyond our control, would result in a prolonged period of sluggish market activities, and hence have adverse impact on the business performance of our target customers and on their demands for our services. In such cases, our business and financial condition may be materially and adversely affected. No assurance can be given that we will be able to maintain our historical results in times of difficult economic and financial environments. Our historical profit margins should not be relied solely on as an indication of our future financial performance.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Adverse changes in China's political, economic and social conditions, laws, regulations and policies could have material and adverse effect on our business operation and financial results.

We headquarters in Hong Kong while most of our function departments and employees are deployed in Shenzhen, China. Accordingly, China's political, economic and social conditions, laws, regulations and policies significantly affect our business, financial condition, results of operations and prospects. The Chinese economy differs from the economies of most developed countries in many respects, including the structure, degree of government

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involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the Chinese economy has experienced significant growth in the past three decades, growth has been uneven both geographically and across different sectors. Meanwhile, the Chinese economy was also adversely affected by the global financial crisis and the European sovereign debt crisis. China's economy has been transitioning from a planned economy to a more market-oriented economy. During the past three decades, the Chinese government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Going forward, the Chinese government will deepen economic reform and may, from time to time, formulate and implement various reform policies and measures to regulate and control the economy. The policies and other measures taken by the PRC government on regulating the economy, particularly on regulating outbound investment by PRC investors, may have material and adverse impact on our business operation and financial results.

Uncertainties with respect to the PRC legal system could materially and adversely affect our operation.

Unlike the adversarial legal system in Hong Kong, the PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. In 1979, the Chinese government began to promulgate a comprehensive system of laws and regulations governing general economic matters such as corporate organisation and governance, commerce, taxation, trade and foreign investment. However, as these laws and regulations are relatively new and the PRC legal system continues to evolve, the interpretation and enforcement of these laws, regulations and rules by government authorities may raise uncertainties or be inconsistent among different regions and cities. While we endeavour to comply with relevant laws, regulations and rules, we may not always be able to do so due to the lack of detailed implementation rules or inconsistent interpretations and enforcement of these laws, regulations and rules by relevant government authorities. Meanwhile, the uncertainties surrounding the enforcement of the PRC laws, regulations and rules may impede our ability to enforce the contracts we have entered into with our distributors, suppliers and business partners. Such uncertainties, together with any development or interpretation of PRC law adverse to us, could materially and adversely affect our business and operations.

The foreign exchange control adopted by the Chinese government may limit our foreign exchange transactions.

Currently, Renminbi cannot be freely converted into a foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations. We cannot assure you that we have sufficient foreign exchange to meet our foreign exchange requirements under certain exchange rates. Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require prior approval from the SAFE, but we are required to present relevant evidence of such transactions and conduct such transactions at licenced banks in China. Accordingly, after the completion of the Share Offer, we will be able to pay dividends in foreign currencies without prior approval by the SAFE by complying with certain formality requirements. Foreign exchange transactions under the capital account conducted by us must be approved in advance by the SAFE.

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There can be no assurance that the foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, the relevant foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an effect on our transactions in foreign currencies and on our ability to obtain foreign exchange required for our operations. Any changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in China's foreign exchange policies may result in insufficient foreign exchange, which could affect our payment of dividends in foreign currencies. In addition, failure to obtain approvals from the SAFE to convert Renminbi into foreign currencies to fund our transactions in foreign currencies could affect our capital expenditure plans, which, in turn, could materially and adversely affect our financial condition and results of operations.

We may rely on dividends and other distributions on equity paid by our operating subsidiaries in the PRC to fund our cash and financing requirements, and any limitation on the ability of our operating subsidiaries in the PRC to pay dividends or make distributions to us could have a material adverse effect on our liquidity.

We are a holding company, and we may rely on dividends and other distributions on equity paid by our operating subsidiaries in the PRC for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, service any debt we may incur and pay certain operating expenses. Under the PRC law, the payment of dividends by entities organized in the PRC is subject to certain limitations. In Particular, dividends can only be paid out of distributable profit of a PRC company in accordance with PRC accounting standards and regulations. Our PRC subsidiaries are also required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their statutory common reserves until the cumulative amount of such reserves reaches 50% of their registered capital. These reserves are not distributable as cash dividends. In addition, our PRC subsidiaries are required to allocate a portion of their after-tax profit to their enterprise expansion fund and the staff welfare and bonus fund at the discretion of their boards of directors. Moreover, if our PRC subsidiaries incur debt on their own in the future, the instruments governing the debt may restrict their ability to pay dividends or other distributions to us. In addition, our bank borrowing or other financing agreements may contain certain restrictions relating to the payment of dividends or other distributions. As a result, these subsidiaries are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends. Any limitations on the ability of our PRC subsidiaries to pay dividends or other distributions to us may have adverse effect on our ability to grow, make investments or acquisitions, pay dividends to our Shareholders, and otherwise fund or conduct our business.

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Dividends received by holders of our Shares that are non-PRC enterprises and gains derived from the disposition of our Shares by such holders may become subject to PRC taxation, which may materially reduce the value of investments in our Shares.

Under the PRC Enterprise Income Tax Law and its implementing rules, which became effective on January 1, 2008, a non-PRC enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including dividends derived from sources within the PRC and gains derived from the disposition of equity interests in a PRC company, subject to any reductions under any special arrangements or applicable treaty between the PRC and the jurisdiction of the relevant foreign enterprise's residence. Although the PRC Enterprise Income Tax Law and its implementation rules have been implemented for several years, there remains significant uncertainty as to their interpretation and application by the PRC tax authorities, including whether and how enterprise income tax on dividends payable to and gains derived by holders of our Shares that are non-PRC enterprises may be collected. If we are considered a PRC resident enterprise, dividends we pay with respect to our Shares, or the gain our Shareholders may realise from the transfer of our Shares, may be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the PRC Enterprise Income Tax Law and its implementing rules to withhold PRC income tax on dividends payable to our Shareholders that are non-PRC resident enterprises, or if our Shareholders are required to pay PRC income tax on the transfer of our Shares, the value of such non-PRC enterprise holders' investments in our Shares may be materially reduced.

We may be subject to PRC enterprise income tax on our global income, or dividends we receive from our PRC subsidiary may be subject to PRC withholding tax, depending on whether we are recognised as a resident enterprise in the PRC.

Pursuant to the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established under the laws of a foreign country or region whose "de facto management body" is located within the PRC territory is considered a resident enterprise and will generally be subject to the enterprise income tax at the rate of 25% on its global income. According to the implementation rules of the PRC Enterprise Income Tax Law, "de facto management body" refers to a managing body that exercises, in substance, overall management and control over the business, personnel, accounting and assets of an enterprise. The SAT promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies ("**Circular 82**") on 2 April 2009, which provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore incorporated enterprise is located in the PRC. On 27 July 2011, the SAT issued the Measures for Administration of Income Tax of Chinese-Controlled Resident Enterprises Incorporated Overseas (Trial) ("**Circular 45**") to supplement Circular 82 and other tax laws and regulations. Circular 45 clarifies certain issues relating to resident status determination. On 29 January 2014, the SAT issued the Circular on Issues Concerning Determination of PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies ("**Circular 9**"), Circular 9 amended some clauses of Circular 82. Although Circular 82, Circular 45 and Circular 9 apply only to offshore enterprises controlled by PRC enterprises or PRC group companies and not those

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controlled by PRC individuals or foreigners, the determining criteria set forth in Circular 82, Circular 45 and Circular 9 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals or foreign enterprises. The majority of our senior management team is located in China. If we were considered by the competent tax authority to be a PRC "resident enterprise," we would be subject to enterprise income tax at a rate of 25% on our global income and any dividend received by our non-resident enterprise shareholder may be subject to 10% withholding tax. If we are considered a non-resident enterprise under the PRC Enterprise Income Tax Law, we will not be subject to the enterprise income tax at the rate of 25% on our global income. In such case, however, dividends we receive from our PRC subsidiaries will be subject to a PRC withholding tax of 10% or 5%, depending on the availability of the relevant tax treaty.

Dividends paid by our PRC subsidiaries to us are subject to PRC withholding taxes.

Under the PRC Enterprise Income Tax Law and its implementation rules, a 10% withholding tax is applicable to the profit of a foreign-invested enterprise distributed to its immediate holding company outside PRC territory to the extent the distributed profit is sourced from the PRC, (i) if the immediate holding company is neither a PRC resident enterprise nor has any establishment or place of business in the PRC, or (ii) if the immediate holding company has an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business. Pursuant to a special arrangement between Hong Kong and the PRC, this rate will be lowered to 5% if a Hong Kong resident enterprise directly owns over 25% of the PRC resident enterprise. However, according to a tax circular issued by the SAT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, PRC tax authorities have the discretion to adjust the tax rate enjoyed by the relevant offshore entity. We cannot assure you that PRC tax authorities will determine that the 5% tax rate applies to dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries or that PRC tax authorities will not levy a higher withholding tax rate on these dividends in the future. In addition, on August 27, 2015, the SAT promulgated the Announcement on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (國家稅務總局關於發佈非居民納稅人享受稅收協定待遇管理辦法的公告), which became effective on November 1, 2015 and replaced the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (Trial). Under the Announcement on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers, any qualifying non-resident taxpayer meeting specified conditions may be entitled to the convention treatment when filing a tax return or making a withholding declaration through a withholding agent. However, grant of the convention treatment is at the discretion of the tax authorities.

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The Chinese tax authorities have strengthened their scrutiny over transfers of equity interests in a PRC resident enterprise by a non-resident enterprise, which may negatively affect the value of your investment in our Company.

On 3 February 2015, the SAT issued Circular 7. This regulation repealed certain provisions in Circular 698 and certain rules clarifying Circular 698. Circular 698 was issued by the SAT on 10 December 2009. Circular 7 provides comprehensive guidelines relating to, and heightened the Chinese tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“**PRC Taxable Assets**”). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, Circular 7 allows the Chinese tax authorities to reclassify this indirect transfer of PRC Taxable Assets into a direct transfer and impose on the non-resident enterprise a 10% rate of PRC Enterprise Income Tax. Circular 7 exempts this tax, for examples, (i) where a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company in the public market, and (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax. It remains unclear whether any exemptions under Circular 7 will be applicable to transfers of our Shares by our Shareholders. If the Chinese tax authorities impose PRC enterprise income taxes on these activities, the value of your investment in our Shares may be adversely affected.

Failure by our Shareholders or beneficial owners who are PRC Residents to make required applications and filings pursuant to regulations relating to offshore investment activities by PRC Residents may prevent us from distributing dividends and could expose us and our Shareholders who are PRC Residents to liability under PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), which was promulgated by SAFE and became effective on July 14, 2014, requires a PRC Resident to register with the local SAFE branch before he or she contributes assets or equity interests in an Offshore SPV that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. Circular 37 has become effective on local banks pursuant to Circular 13.

RISK FACTORS

As at the Latest Practicable Date, to the best knowledge of our Directors, our PRC Resident Shareholders with offshore investments in our Group had registered with SAFE as to their offshore investments in accordance with Circular 37. However, we may not at all times be fully aware or informed of the identities of all our beneficial owners who are PRC domestic residents, and may not assure that such beneficial owners will comply with our request to make, amend or obtain any applicable registrations or comply with requirements under Circular 37 and/or other related regulations. The failure or inability of our beneficial owners who are subject to Circular 37 to make the required registrations or comply with the requirements may subject them to fines and legal sanctions, which could adversely affect our business and prospect.

PRC regulation of loans to, and investments in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from making loans or additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.

Loans or additional capital contributions by our Company to our PRC subsidiaries are subject to PRC regulations and approvals. For example:

- capital contributions by our Company to a PRC subsidiary must be approved by the MOFCOM or its local counterparts;
- acquisition of onshore entities by us or our offshore subsidiaries must be approved by the MOFCOM or its local counterparts; and
- loans by us to a wholly foreign-owned subsidiary cannot exceed statutory limits and must be registered with SAFE or its branches.

On 30 March 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested 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”), which regulates how converted Renminbi may be used by foreign-invested enterprise. This circular relieves the requirements under the former Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises (國家外匯管理局關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (“Circular 142”), in that foreign-invested enterprises may convert foreign currency in their capital accounts into Renminbi at any time. However, the converted Renminbi capital may only be used for purposes within the business scope approved by the applicable governmental authority. In addition, the use of such Renminbi capital may not be altered without SAFE approval, and such Renminbi capital may not, in any case, be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of Circular 19 could result in severe monetary or other penalties.

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We cannot assure you that we will be able to obtain requisite government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to receive such registrations or approvals, our ability to fund our operations in the PRC would be limited, which could materially and adversely affect our liquidity and our ability to expand our business.

Our ability to access credit and capital markets may be adversely affected by factors beyond our control.

Although we did not incur any bank loans or borrowings during the Track Record Period, there is no assurance that we will not incur bank loans, borrowing or other indebtedness to support the our growing financial demands driven by our future business expansion. Interest rate increases by the PBOC, or market disruptions such as those recently experienced in the United States, European Union and other countries or regions, may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we have relied to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

You may experience difficulties in effecting service of legal process and enforcing judgements against us and our management.

Substantially all of our assets and some of our subsidiaries are located in the PRC. In addition, some of our Directors and officers reside within the PRC, and the assets of certain Directors and officers are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgements made by courts of most other jurisdictions. On July 14, 2006, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排). Under such arrangement, where any designated people's court of China or any designated Hong Kong court has made an enforceable final judgement requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court of China or Hong Kong court for recognition and enforcement of the judgement. The arrangement came into effect on August 1, 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain. In addition, China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in China of judgements of a court in any of these jurisdictions may be difficult or impossible.

RISK FACTORS

As we are incorporated in the Cayman Islands, the rights of our Shareholders to take actions against our Directors and the rights of our minority shareholders to take actions against us and the duties of our Directors towards us and our Shareholders are governed by the common law of the Cayman Islands and our Articles of Association. In general, our corporate affairs are governed by (amongst other things) the laws of the Cayman Islands, our Articles of Association and the Companies Law. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the legal position for minority shareholders of companies incorporated in Hong Kong and in other jurisdictions. For further details, please refer to the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

Compliance with labour laws and regulations may increase our labour costs and materially and adversely affect our results of operations.

Pursuant to the PRC Labour Contract Law which has become effective since 1 January 2008, we are required to enter into non-fixed term employment contracts with employees who have worked for us for more than ten years or with whom a fixed term employment contract has been concluded for two consecutive terms, unless otherwise provided in the PRC Labour Contract Law. We may not be able to efficiently terminate non-fixed term employment contracts under the PRC Labour Contract Law without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, unless such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in circumstances where the employee’s monthly wage is three or more times greater than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. Liability for damages or fines may be imposed for any material breach of the PRC Labour Contract Law.

We may have difficulties in complying with PRC labour laws and regulations or may be subject to additional labour costs in the future. Any failure to comply with the PRC labour laws and regulations, any significant increase in our labour costs and future disputes with our employees may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and the liquidity, market price and trading volume of our Shares may be volatile.

Prior to the Share Offer, there has been no public market for our Shares. Upon the Listing, GEM will be the only market for trading of our Shares. The initial issue price range for our Shares will be the result of negotiations among us and the Joint Bookrunners and may not be

RISK FACTORS

indicative of the market price of our Shares. We have applied for the listing of and permission to deal in our Shares on the Hong Kong Stock Exchange. However, even if approved, being listed on the Hong Kong Stock Exchange does not guarantee that an active trading market for our Shares will develop following the Share Offer or that our Shares will always be listed and traded on the Hong Kong Stock Exchange. There is no assurance that an active and liquid public trading market for our Shares will develop, or, if it does, that it will be sustained following the completion of the Share Offer. If an active public market for our Share does not develop, the market price of our Share could fall below the Offer Price.

The price and trading volume of our Share may be highly volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control and may be unrelated or disproportionate to our results of operations. These factors include:

- actual or anticipated fluctuations in our results of operations;
- changes in financial estimates by securities analysts;
- the history of, and the prospects for, us and the industry in which we compete;
- changes in performance and market valuations of other providers of front office trading system and market data services;
- investor perceptions of us and the investment environment in Hong Kong and the PRC;
- changes in policies relating to, and the development of, the industry that we operate in;
- changes in pricing policies adopted by us and/or our competitors;
- any announcements made by us and/or our competitors; and
- the employment or departure of our key personnel.

In addition, stock markets and the shares of other China-based companies listed on the Hong Kong Stock Exchange have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of such companies. These broad market fluctuations may also materially and adversely affect the market price of our Shares.

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Future sales of our Shares by existing shareholders could materially and adversely affect the prevailing market price of our Shares, and future additional issuance of securities may dilute your shareholdings.

The Shares beneficially owned by certain existing shareholders are subject to lock-up periods. No assurance can be given that any Controlling Shareholders or Substantial Shareholders will not dispose of the Shares held by them following the expiration of the lock-up periods. Any major disposal of Shares by any of our Controlling Shareholders or Substantial Shareholders could materially and adversely affect the prevailing market price of our Shares.

We may need to raise additional funds in the future to finance, inter alia, expansion or other new acquisitions or projects. If additional funds are raised through the issue of new Shares and equity-linked securities of us, other than on a pro rata basis to the existing Shareholders, the percentage ownership of such Shareholders may be reduced, and such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or more senior to the Shares.

Payment of dividends will depend upon our operating results, cash flows, financial positions and other factors.

Except the dividend declared by Tele-Trend Konson as detailed in the section headed “Financial Information – Liquidity and Capital Resources – Net cash (used in)/generated from financing activities” in this prospectus, our Company did not declare any dividends during the Track Record Period. Our ability to pay dividends depends on our ability to generate sufficient earnings. Distribution of dividends will be proposed by our Board at its discretion and will be subject to shareholders’ approval. A decision to declare or pay any dividends and the amount of the dividend depends on various factors, including, among other things, our results of operations, cash flows, financial position, working capital requirements, general economic conditions or any other factors. As a result, we cannot assure you that we will be able to pay dividends on our Shares in the future.

You may experience difficulties in enforcing your shareholder rights because we are incorporated in the Cayman Islands; Cayman Islands law is different from the law of Hong Kong and other jurisdictions and may not provide the same protections to minority shareholders.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by our memorandum and articles of association, the Cayman Islands Company Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large

RISK FACTORS

extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may be located. In particular, the Cayman Islands has a less developed body of securities law.

As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major Shareholders than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of sections 722 to 726 of the Companies Ordinance, which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs.

The industry statistics and forward-looking information contained in this prospectus may not be accurate, reliable or fair.

Statistics and other information relating to the PRC and our industry in this prospectus, in particular those contained in the "Industry Overview" section, have been derived partly from various publicly available government and official sources as well as the Frost & Sullivan Report commissioned from Frost & Sullivan, an independent industry consultant. We believe that the sources of such information are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect, or that any fact has been omitted that would render such information false or misleading in any material respect. However, we cannot guarantee the quality of such source materials. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. None of our Company, Sole Sponsor, other parties involved in the Share Offer, or any other persons or their respective directors, advisors or affiliates involved in the Share Offer has independently verified such statistics and other information, and makes no representation as to their correctness and accuracy. Such statistic and other information may not be consistent with other information compiled within or outside the PRC. They may also not be complete or up-to-date. As the way of collecting the information may contain faults or may not be effective, or there exist variations and other problems between published information and market practices, the industry information and statistics contained herein may not be accurate. Therefore, you should not unduly rely upon the industry information and statistics contained in this prospectus when making decision on your investment in our Company or otherwise.

This prospectus contains certain forward-looking statements and information relating to us 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. 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.

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Prospective investors are cautioned not to place reliance on any forward-looking information regarding our Group included in or referred to by the media.

Projections, forecasts and information regarding our Group, our expected business strategy as well as our plans or prospects may, from time to time, be included in or referred to by the media. Our Directors make no representations as to the appropriateness, correctness, accuracy, completeness or reliability of any of the projections, forecasts or other information regarding our Group, or of any assumptions for such projections, forecasts or other information regarding our Group included in or referred to by the media. Prospective investors are cautioned not to place any reliance on any such projection or information.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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 (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus. Details of the structure of the Share Offer, including its conditions, are set out in “Structure and Conditions of the Share Offer”, and the procedures for applying for the Public Offer Shares are set out in “How to Apply for Public Offer Shares” and in the relevant Application Forms.

UNDERWRITING

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

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to us and the Joint Bookrunners agreeing on the Offer Price. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around the Price Determination Date or such later time as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), subject to the Offer Price being agreed. The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement to be entered into.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

If, for any reason, our Company and the Joint Bookrunners are unable to reach agreement on the Offer Price on or before 26 September 2018, the Share Offer will not proceed and will lapse. For full information about the Underwriters and the Underwriting Arrangements, please refer to the section headed “Underwriting” for more information.

RESTRICTIONS ON SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or be deemed to confirm by his/her acquisition of the Offer Shares that he/she is aware of the restrictions on the Share Offer of the Offer Shares described in this prospectus and the relevant Application Forms.

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

Prospective investors for the Share Offer 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 investors for the Share Offer should inform themselves as to the relevant legal requirements of applying for the Share Offer and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be fixed by agreement among our Company and the Joint Bookrunners on the Price Determination Date. The Price Determination Date is expected to be on or before Thursday, 20 September 2018. If, for whatever reason, our Company and the Joint Bookrunners are not able to agree on the Offer Price on the Price Determination Date, the Share Offer will not become unconditional and will not proceed.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON GEM

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer (including the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option) and any additional Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme. Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. A total of 125,000,000 Offer Shares representing 25% of the enlarged issued share capital of our Company will be in the hands of the public immediately following the completion of the Share Offer and upon Listing (without taking into account any Shares to be issued upon the exercise of the Offer Size Adjustment 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 is proposed to be sought in the near future.

The Shares are freely transferable.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if permission for the listing of, and dealing in, the Shares on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All Offer Shares will be registered on the Hong Kong branch register of members of our Company in Hong Kong by the Hong Kong Branch Share Registrar. Our principal register of members will be maintained by our principal share registrar in the Cayman Islands. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

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

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to our Shareholders listed on the Hong Kong Branch Share Register, by ordinary post, at the Shareholder's risk, to the registered address of each Shareholder or, if joint Shareholders, to the first-named therein in accordance with the Articles of Association.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance 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 Listing Date or any other date as determined by HKSCC. Settlement of transaction 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 the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in our Shares. None of our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of, dealing in, or the exercise of any right in relation to our Shares.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in “How to Apply for Public Offer Shares” and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

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

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Hong Kong dollars has been translated, for illustration purposes only, into Renminbi and U.S. dollars, and vice versa, in this prospectus at the following rate:

HK\$:1.0000: RMB0.86898 (the exchange rate set by the People's Bank of China for foreign exchange transactions prevailing as at the Latest Practicable Date)

HK\$:7.8494: US\$1.0000 (the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States as at the Latest Practicable Date)

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

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Friday, 28 September 2018 under the stock code 8017. Shares will be traded in board lots of 4,000 Shares each.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential Address	Nationality
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Executive Directors

LIU Yong 劉勇	Flat B, 3/F. No. 5 Tai Ping Shan Street Sheung Wan Hong Kong	Chinese
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WAN Yong 萬勇	Room H, 21/F., Block 18 Meilinyicun, Futian District Shenzhen the PRC	Chinese
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LIAO Jicheng 廖濟成	Room 2802, Tower B Building 1 Bao Long Jia Yuan No. 18 Baogang Road Sungang Street Luohu District Shenzhen the PRC	Chinese
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Non-executive Director

LIN Hung Yuan 林宏遠 (formerly known as 林泓遠)	12E, Tower 3 The Harbourside 1 Austin Road West Union Square Kowloon Hong Kong	Taiwanese
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DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Residential Address	Nationality
<i>Independent Non-executive Directors</i>		
JIAO Jie 焦捷	Flat 15, 20/F Harbour Plaza Hotel 665 King's Road North Point Hong Kong	Chinese
MAN Kong Yui 文剛銳	Flat A, 15/F Jolly Villa 8 Tai Hang Road Hong Kong	Chinese
LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE) 陸海林	17/F, Ascot Tower 45-47 Village Road Happy Valley Hong Kong	Malaysian

Further information about our Directors and other senior management members are set out in the section headed "Directors and Senior Management" in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to Cayman Islands law:

Appleby
2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

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

As to Hong Kong law:

DLA Piper Hong Kong
17th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

King & Wood Mallesons
25th Floor
Guangzhou CTF Finance Centre
No. 6 Zhujiang East Road
Zhujiang New Town
Guangzhou
China

**Auditors and reporting
accountants**

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Industry research consultant

Frost & Sullivan International Limited
Suite 1706, One Exchange Square
8 Connaught Place
Central
Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Estera Trust (Cayman) Limited PO Box 1350 Clifton House, 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Principal place of business in the PRC	208, 2/F, Fenghua Technology Tower 7th Street Hi-Tech South Road Yuehai Street Technology Park Nanshan District, Shenzhen the PRC
Principal place of business in Hong Kong	Office No. 10, 16th Floor Hong Kong Plaza 188 Connaught Road West Hong Kong
Company's Website	<u>www.tradego8.com</u> <i>(information on the website does not form part of this prospectus)</i>
Company Secretary	Ms. Chen Chun ACS, ACIS 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. Liu Yong Flat B, 3/F. No. 5 Tai Ping Shan Street Sheung Wan Hong Kong Ms. Chen Chun ACS, ACIS 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Compliance officer	Mr. Wan Yong

CORPORATE INFORMATION

Audit committee	Dr. Loke Yu (<i>Chairman</i>) Ms. Jiao Jie Mr. Man Kong Yui
Remuneration committee	Mr. Man Kong Yui (<i>Chairman</i>) Mr. Liu Yong Ms. Jiao Jie
Nomination committee	Mr. Liu Yong (<i>Chairman</i>) Ms. Jiao Jie Mr. Man Kong Yui
Principal share registrar	Estera Trust (Cayman) Limited Clifton House 75 Fort Street, PO Box 1350 Grand Cayman Cayman Islands
Hong Kong Branch Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance Adviser	Essence Corporate Finance (Hong Kong) Limited 39/F., One Exchange Square Central Hong Kong
Principal banker	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong

INDUSTRY OVERVIEW

The information presented in this section has been prepared by Frost & Sullivan and reflects the estimates of market conditions based on publicly available sources and government publication, and is prepared primarily as a market 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 these sources of information contained in this section are appropriate for such information and has 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 fact has been omitted that would render such information false or misleading in any material respect. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Share Offer and they do not give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to provide industry information on integrated securities trading platform services market for the period from 2012 to 2021. The Frost & Sullivan Report has been prepared by Frost & Sullivan independent of our Company's influence. The fees payable to Frost & Sullivan for preparing the Frost & Sullivan Report is HKD380,000. Founded in 1961, Frost & Sullivan has 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists. It offers industry research and market strategies and provides growth consulting and corporate training.

Frost & Sullivan adopts a comprehensive data collection model, which includes conducting primary research with the industry stakeholders and participants, secondary research on the government statistics, industry reports and annual reports of listed companies, and data validation processes with industry experts. Projected data was obtained from historical data analysis plotted against macro-economic data as well as specific industry-related drivers and integration of expert opinions. Frost & Sullivan has developed its forecast on the following assumptions: (a) the social, economic and political environments will remain stable during the forecast period, (b) the development of the securities trading platform services market will remain stable and healthy, (c) key industry drivers are likely to continue to affect the market over the forecast period.

THE FINANCIAL MARKET IN HONG KONG

Since our Group is principally engaged in providing integrated securities trading platform services primarily to Hong Kong Brokerage Firms and their clients, our Group's business is highly correlated to the success of the financial market in Hong Kong. The participants in the Hong Kong Stock Exchange are potential customers of our Group.

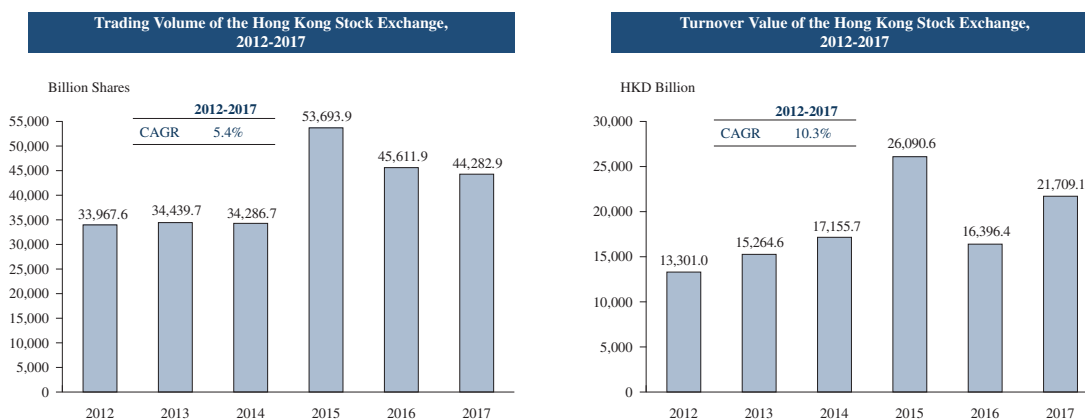
SECURITIES MARKET IN HONG KONG

Hong Kong is one of the world's leading financial centres with low taxation, near-free port trade and international financial markets. These dynamics have made its securities market one of the most active and liquid securities markets in the world. In the past three years, Hong Kong is the largest IPO fund-raising market. In addition, HKEX is one of the largest financial market operators in the world, which provides world-class facilities for trading and clearing of securities and derivatives in equities, commodities, fixed income and currency.

INDUSTRY OVERVIEW

In 2016, the global financial markets were volatile and overshadowed by economic and political uncertainties arising from Brexit (Britain’s exit from the EU) and the US presidential election. In addition, there were concerns that interest rates of RMB would rise in response to the US interest rate hikes. All these created a challenging market environment for the securities market in Hong Kong.

Hong Kong’s stock market was the third largest in Asia and sixth largest in the world as at December 2017 in terms of a market of US\$4.35 trillion. According to the statistics of HKEX, the trading volume of the Hong Kong Stock Exchange increased from 33,967.6 billion shares in 2012 to 53,693.9 billion shares in 2015, while experienced a slowdown in 2017 to 44,282.9 billion shares due to the volatility of global financial markets.



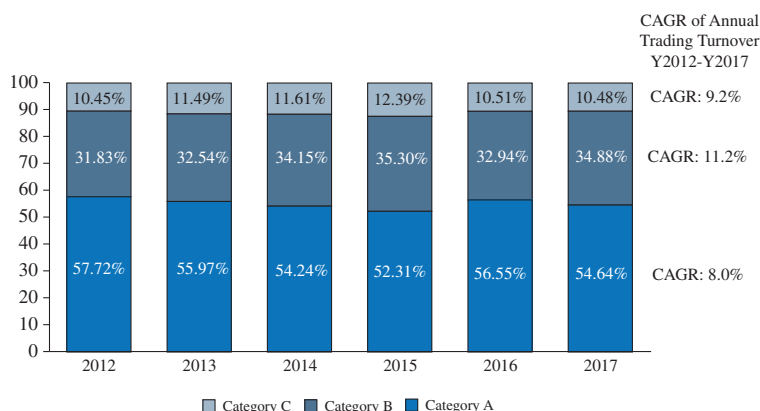
HONG KONG STOCK EXCHANGE PARTICIPANTS

A person who wishes to trade listed securities on or through the facilities of the Hong Kong Stock Exchange must be a Hong Kong Stock Exchange participant holding a Hong Kong Stock Exchange trading right. Given the rapid development of Hong Kong securities market, an increasing number of Hong Kong Brokerage Firms will become stock exchange participants in the next few years. As at 31 December 2017, there were 654 Exchange Participants. 62 new Exchange Participants were admitted in 2017, indicating continued optimism in the Hong Kong securities market. Exchange Participants are classified into three categories:

- Category A – the 14 largest firms by market turnover, primarily investment banks and other large international financial institutions;
- Category B – the 15th to 65th largest firms by market turnover, primarily midsize financial institutions and regional banks; and
- Category C – other stockbrokers in the market

Category C Exchange Participants have historically captured a majority of the retail trading in Hong Kong, whereas Category A and Category B represent large and midsize financial institutions. The following chart sets forth the distribution of exchange participants’ market shares from 2012 to 2017 and CAGR of annual trading turnover from 2012 to 2017:

INDUSTRY OVERVIEW



Source: HKEX statistics. This includes all Exchange Participant firms that had paid Transaction Levy, Investor Compensation Levy (if applicable) and Trading Fee to the Exchange.

The securities market in Hong Kong is dominated by institutional investors, predominately those in Category A which accounted for over 52% of the market turnover in the past five years. From 2012 to 2017, the annual trading turnover of Category B Exchange Participants increased at a CAGR of 11.2%, higher than that of Category A of 8.0% and Category C of 9.2% in the corresponding period. Most PRC Background Brokerage Firms in Hong Kong are exchange participants in Category B, which are expected to provide the impetus for the growth of securities market in Hong Kong in the next few years.

The competition among brokerage firms is becoming intense which has resulted in reduced commission fees. The Securities and Futures Commission (SFC) continues to strengthen regulations on restricting leverage and capital requirements, making it more difficult to generate profitable business. In addition, the operating costs of brokerage firms have increased due to the tightened regulatory environment. Despite this, the number of Category C firms has continued to see growth, rising from 485 in 2012 to 589 in 2017.

TRADING INFRASTRUCTURE IN HONG KONG

Trading Infrastructure of HKEX's Securities Market

The stock trading system of the HKEX is known as Automatic Order Matching and Execution System (AMS). The system is currently configured with four markets: the Main Board, GEM, the NASDAQ market and the Extended Trading Securities (ETS) market. The latest version is AMS/3.8 launched in December 2011.

HKEX Orion Central Gateway (OCG) for the securities market

Committed to strengthening the competitiveness of Hong Kong as a leading global financial centre, the HKEX has invested to revolutionise its core trading platforms to improve the mutual connectivity with mainland China as well as global financial markets. OCG is a market access platform to support secured connections between the Broker Supplied Systems (BSS) of Exchange Participants and the HKEX securities market. OCG also provides a cost-efficient, highly resilient, and low latency platform for Exchange Participants.

Exchange participants are required to subscribe to OCG session(s) and connect their BSS or New Securities Trading Device (NSTD) through OCG session(s) to AMS/3, which enables them to transmit and receive orders/transactions electronically. BSS is a broker's in-house developed system or a third-party software package developed by commercial vendors. A NSTD is a Windows-based trading facility developed and supported by a third-party vendor appointed by the HKEX.

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New Securities Trading Devices (NSTD)

Given that AMS Terminals were becoming obsolete, the HKEX completed the migration of AMS Terminals to NSTD in 2015. NSTD is designed for HKEX's next generation core platforms: Orion Market Data (OMD-C) and Orion Central Gateway (OCG). NSTD is based on a centralised architecture, so no server hardware is required. Exchange Participants would only need to provide the trading terminals.

Settlement Systems of Securities Trading

CCASS/3 is a new generation of the Central Clearing and Settlement System implemented by HKEX. It is designed to provide efficient and dynamic clearing and settlement by adhering to international standards for securities messages and providing interactive communication with market participants through a standard message-based application programming interface. CCASS/3 is a book-entry system that supports clearing and settlement of transactions traded in HKEX. Trades will be settled on a continuous net basis or on a trade-for-trade basis.

Trading Infrastructure of HKEX's Derivatives Market

Hong Kong Futures Automatic Trading System (HKATS) is a transaction-based network system designed for HKEX's derivatives market. HKATS can automatically matches orders in real-time based on price/time priority. Orders from market participants are placed in the Central Orderbook, and as soon as a trade is being executed, trade information will be reported to the Exchange Participant. With HKATS, users can view real-time price information on a computer screen, click on a bid or ask price and execute an order.

Genium INET Platform for the Derivatives Market

The trading (HKATS) and clearing (DCASS) applications for the derivatives market has been upgraded to Genium INET platform. With this new platform HKEX is able to achieve significant improvement in order capacity, clearing capacity and ultra-low order processing latency to support further development of the derivatives market, especially in improving the liquidity of the stock options market. The platform provides low latency architecture for order processing through connection to Central Gateways.

Settlement Systems of Derivatives Trading

Derivatives Clearing And Settlement System (DCASS) serves as a single clearing and settlement system for both the HKFE Clearing Corporation Limited (HKCC) and the SEHK Options Clearing House Limited (SEOCH). DCASS is a fully electronic and automated clearing and settlement system that comprises the core derivatives clearing and settlement functionality. Clearing Participants can access DCASS through a terminal which provides easy access to DCASS and is designed to support Clearing Participants as it facilitates manual input of post-trade activities.

HKEX Real-time Market Data Services

HKEX uses Market Datafeed System to transmit real-time securities market data to the market. During 2012 to 2016, total number of HKEX real-time market data vendors has increased from 160 to 214 at a CAGR of 7.5%. The percentage of HKEX real-time market data vendors from Mainland China are also increasing rapidly from 10.0% to 26.6% in the corresponding period. With the increasing number of HKEX real-time market data vendors, brokerage firms and retail investors have more channels to obtain HKEX real-time market data information.

INDUSTRY OVERVIEW

Growth Drivers for Hong Kong Stock Exchange Participants (and our Group)

The successful launch of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the establishment of bond connects between Hong Kong and Mainland China, increasing investors from Mainland China and the internationalisation of RMB may facilitate the growth of business of Hong Kong Stock Exchange participants, especially the brokers with PRC Background Brokerage Firms in Hong Kong. They are the major customers of our Group.

Shanghai-Hong Kong Stock Connect

The Shanghai-Hong Kong Stock Connect, launched in November 2014, is a trading scheme that establishes mutual stock market access between Shanghai and Hong Kong. The scheme allows investment in eligible Shanghai-listed shares through the Hong Kong Stock Exchange and eligible Hong Kong-listed shares through the Shanghai Stock Exchange. Under Shanghai Connect, Hong Kong and overseas investors are able to trade selective stocks listed on the Shanghai Stock Exchange (SSE) market. These include all the constituent stocks of the SSE 180 Index and the SSE 380 Index, and all the SSE-listed A shares that are not included as constituent stocks of the relevant indices but which have corresponding H shares listed on HKEX. The Shanghai-Hong Kong Stock Connect has unleashed significant cross-boundary fund flows in both directions.

Shenzhen-Hong Kong Stock Connect

The launch of Shenzhen-Hong Kong Stock Connect on 5 December 2016 also provides a mutual market access for international and Hong Kong investors. Under Shenzhen Connect, Hong Kong and overseas investors are able to trade selective stocks listed on the Shenzhen Stock Exchange (SZSE) market. These include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index and all the SZSE-listed A shares which have corresponding H shares listed on HKEX. Both Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect link the secondary equity markets between Hong Kong, Shanghai and Shenzhen for the first time, creating an immense secondary equity market of RMB70 trillion when combined. The liquidity offered by the trading link will largely benefit institutional investors and further strengthen the mutual access between the mainland and Hong Kong stock markets.

Hong Kong Bond Connect with mainland China

On 15 March 2017, Li Keqiang, the Premier of the State Council of the PRC, announced the establishment of bond market links between Hong Kong and Mainland China (Bond Connect). Significantly, Bond Connect will not require international investors to open accounts onshore, but rather allow them to trade mainland bonds from their Hong Kong accounts. The initiative marks another milestone in the liberalisation of the mainland's capital market and further strengthens the role of Hong Kong as a gateway between the Mainland and international markets.

Increasing investors from Mainland China

In recent years, Mainland China has increased direct investment in Hong Kong, from US\$51.2 billion in 2012 to US\$86.2 billion in 2016, representing a CAGR of 14%. It accounts for approximately 51% of total overseas direct investment of Mainland China in 2016. In addition, benefited by the successful launch of Shanghai-Hong Kong Stock Connect, Mainland-Hong Kong Mutual Recognition of Funds and Shenzhen-Hong Kong Stock Connect, investors in Mainland China are able to invest Hong Kong-listed shares directly. Meanwhile, with the risk of RMB devaluation, as well as stringent regulations on the investment of real

INDUSTRY OVERVIEW

estate by the Chinese government in 2016, an increasing number of investors show strong interest in Hong Kong-listed financial instruments, which may lead to the rise in transactions of PRC Background Brokerage Firms in Hong Kong.

Internationalisation of RMB

As for PRC Background Brokerage Firms in Hong Kong, most of their parent companies are large banks or securities companies in Mainland China. Those strong parent companies usually have a wide range of customers, and have business licences in both Mainland China and Hong Kong, which facilitate PRC Background Brokerage Firms in Hong Kong to provide convenient cross-boundary business services for more investors.

With red chip and H-share companies listed in Hong Kong, more PRC Background Brokerage Firms in Hong Kong start to set branch offices in Hong Kong to develop overseas business. In addition, the internationalisation of RMB improves the connection of the parent company in Mainland China and the subsidiary company in Hong Kong, and further helps to expand its comprehensive services in the future.

DEFINITION OF INTEGRATED SECURITIES TRADING PLATFORM SERVICES

The integrated securities trading platform services mainly consist of front office trading system services, market data services and value-added services which connects the investors and brokerage firms through a variety of operating systems and platforms, such as Microsoft Windows, Mac OS, Android, iOS, and Web browsers. The integrated securities trading platform services provides investors with a variety of financial instruments to trade, including stocks, funds, bonds, futures and other derivatives. Meanwhile, the integrated securities trading platform provides real-time market data feeds of the world's major exchanges.

Integrated securities trading platform services

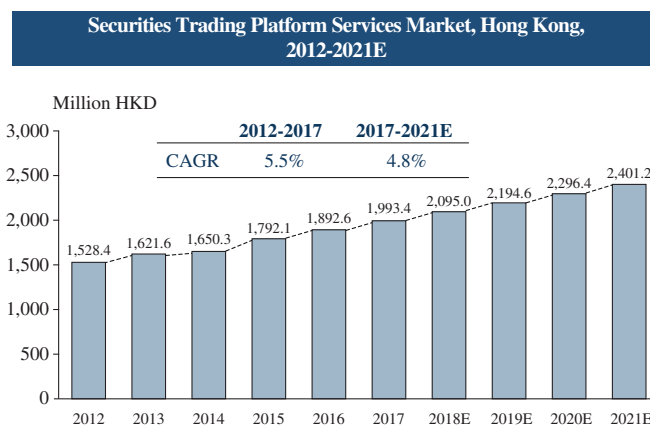
Integrated securities trading platform services include trading system services, market data services, and value-added services:

- Trading system services – the platform service providers integrate the front office trading services and back office trading service. Some platform service providers cooperate with broker supplier system vendors to provide trading services to end-users, while other platform service providers are also broker supplier system vendors at the same time.
- Market data services – it encompasses the market data of the world's major exchanges, which helps investors to keep track of stocks, funds or bonds and make trading decisions.
- Value-added services – Platform service providers have developed customised services such as simulation trading platform services, online account opening appointment services, cloud infrastructure services and other value-added services, catering to specific needs of investors.

The integrated securities trading platform services market in Hong Kong has seen a steady growth, increasing from HK\$1,528.4 million in 2012 to HK\$1,993.4 million in 2017, representing a CAGR of 5.5% during this period. The steady growing trend of the market is

INDUSTRY OVERVIEW

expected to continue in the next few years. The market will further increase at a CAGR of 4.8% during 2017 to 2021. The following chart sets forth the historical and projected revenue of integrated securities trading platform services market in Hong Kong for the periods indicated:



Drivers for Integrated Securities Trading Platform Services Market in Hong Kong

- (i) **Integration of international capital market:** With the integration of global capital market, the scale and depth of the world's interaction with the financial market in China has been transformed. A large number of Chinese investors are seeking investment opportunities and wealth diversification in the global financial markets. Meanwhile, the foreign investors are eagerly trying to find opportunities in China. Therefore, Hong Kong Exchange Market has provided a platform to bridge both Chinese investors and foreign investors.
- (ii) **Energetic development of Hong Kong financial market:** Hong Kong is a major international financial centre, characterised by a high degree of liquidity and operated under effective and transparent regulations, which is in accordance with the international standards. Under these circumstances, an increasing number of investors have participated in the financial trading activities in Hong Kong. According to the SFC, the number of corporations licensed for Type 1 regulated activities has increased from 934 in 2012 to 1,247 in 2017.
- (iii) **Favourable policies on the development of the financial market:** The Government of the Hong Kong Special Administrative Region abides by the principles of keeping intervention into the way in which the market operates to a minimum and has endeavoured to provide a favourable environment for various business operations. Its policy on low taxation allows maximum room for business initiatives and innovation. There are no barriers of access to the market by foreign businesses and no restrictions on capital flows into and out of Hong Kong.
- (iv) **Development of information technology:** Given a high penetration rate of the Internet and the popular use of broadband, Hong Kong has possessed the efficient and secure networks and broker systems. Meanwhile, financial information technology service providers are researching and developing user friendly and integrated software services via multi-technology platforms such as iOS, Android, Linux, C++, as well as cloud computing technology. As a result, clients could get access to service across through a diversified range of interactive channels, including Microsoft Windows, Mac OS, Android, iOS and Web browsers.

Challenges for Integrated Securities Trading Platform Services Market in Hong Kong

- (i) The growth of Hong Kong's economy has slowed down. During the period of economic deceleration, financial institution generally enforce cost control measures and are less willing to invest in new financial trading and settlement software solutions or to expand their current use of existing software solutions.

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- (ii) A shrinking workforce as a result of a continuously low birth rate and ageing population has been a pressing labour problem, which is found more urgent now than previously expected. On that condition, companies may have been struggling to recruit new blood, even though these jobs offer reasonably promising remuneration and prospects.
- (iii) Experienced experts are important to the integrated securities trading platform service market as vendors in this industry rely heavily on knowledge and experience to develop solutions for their customers. Such experience includes knowledge of different financial products, operations of financial institutes, trading rules, regulations and financial infrastructure in the financial markets. Such talents are very difficult to be obtained.
- (iv) Some software/applications are using cloud technology nowadays. However, some clients are apprehensive about their data being compromised on a public cloud by cloud vendor. For example, securities and futures traders would be extremely wary of placing their proprietary trading strategies on a cloud, with the fear that a competitor on the same cloud might gain access to them. Therefore, the worries about the data security and privacy will hinder the use of advanced cloud technology.

Future Trends

- (i) **More usage of mobile applications:** With the development of internet technology, more applications developed under IOS, Android or Linux platforms will be launched. Furthermore, due to the convenience and widespread of smart phones and tablets, the demand for user-friendly and integrated mobile application software for securities trading platform is expected to increase in the forecast period.
- (ii) **Cloud computing technology:** A financial services firm that heavily relies on IT-enabled services will benefit greatly from cloud computing. Perceived cost savings, the ease of scaling-in and scaling-out, faster time-to-market for deploying systems, virtualisation of enterprise-wide data as a service, and the ability to access data and applications on the move take into consideration critical factors that can drive financial services firms to adopt cloud computing.
- (iii) **Big data services:** Traders are using big data to develop insights to fine-tune systems, inform credit and risk decisions and develop new products and services. However, making sense of the volume and variety of this information is a challenge. Services providers could also integrate the advanced analytics software to help traders to identify patterns hidden in massive data flows, automating a wider range of knowledge tasks.

Entry Barriers for Integrated Securities Trading Platform Service Market in Hong Kong

- (i) **Experienced professionals:** Experienced experts are important to the integrated securities trading platform service market as vendors in this industry rely heavily on knowledge and experience to develop solutions for their customers. Such experience includes knowledge of different financial products, operations of financial institutes, trading rules, regulations and financial infrastructure in the financial markets. Such talents are very difficult to be obtained, thus hindering the new entrants.
- (ii) **Stable relationship with customers:** Clients are liable to use the same service suppliers once a relationship has been established, hence creating barriers for new entrants. Sticking to the same supplier could decrease the operational risk and costs. This is because all data and information must be backed up when switching suppliers, therefore increasing the risk of data loss and system failure. Furthermore, keeping a longer relationship with a supplier will increase the bargaining power when negotiating the price, thus decreasing the operational cost.

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- (iii) **Rising cost for new entrants:** Rising labour cost and operational cost have imposed pressure on the development of new entrants in securities trading platform service market. Meanwhile, they have to pay various kinds of licence fees for market data. In addition, booming price of real estate in Hong Kong has increased the rental cost for start-up and small enterprises, which leads to increasing operational cost.
- (iv) **Tightened regulatory environment:** The SFC has made continuous efforts to strengthen the regulations to ensure the robust development of HK security market and reduce various risks, making it more difficult for new entrants to enter this market.

Competitive Landscape of Integrated Securities Trading Platform Services Market in Hong Kong

The integrated securities trading platform services include trading system services market data services and value-added services. The integrated securities trading platform services market in Hong Kong is very competitive. Market players target a variety of brokerage firms by facilitating low-latency and cost-efficient trading system which demonstrates increasing significance. They compete with each other on data security, brand reputation, service pricing and the capability of providing integrated services.

The integrated securities trading platform services market in Hong Kong can be categorised into two segments: One segment is the MNCs (multinational corporations), which mainly provide services to category A and category B Hong Kong Stock Exchange participants. The other one is local and PRC players, which mainly provide services to category B and category C Hong Kong Stock Exchange participants. The services offered by MNC players are more expensive than that of local and PRC players. The table below sets out the comparison of operation and business strategies adopted by MNC players, local and PRC players:

	<u>MNC Players</u>	<u>Local and PRC Players</u>
Company Size	They are mainly medium to large sized companies headquartered in Europe or North America which usually have a branch in Hong Kong to serve the local market	Most of them are medium to small sized companies based in Hong Kong
Target Customers	They mainly provide services to category A and category B Hong Kong Stock Exchange participants	They mainly provide services to category B and category C Hong Kong Stock Exchange participants
Geographic Coverage	They usually cover wide geographic regions, not only the Hong Kong market	They mainly serve the Hong Kong market
Other Features	Their strengths are the company scale, resources, international exposure and reputation	The strength mainly lies in their vast experience in and familiar with the Hong Kong market, and are more flexible in terms of price and products

In terms of the revenue generated from the beginning of April 2017 to the end of March 2018, MNC players accounted for about 47.8% of total securities trading platform services market in Hong Kong. The major players include SunGard Data Systems Inc.¹, Fidessa Group Plc., Thomson Reuters Corporation, Bloomberg L.P. and so on.

During the same period, top five local and PRC players accounted for about 43.1% of the securities trading platform services market in Hong Kong. The table below sets out the market shares of leading local and PRC players in the securities trading platform services market in Hong Kong in terms of revenue from April 2017 to March 2018.

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Company	Estimated Market Shares of Total Market	Supported Operating System and Platforms
1 AASTOCKS.com Limited ² & Ayers Solutions Limited	19.2%	Microsoft Windows, Android, iOS, Web browsers,
2 ET Net Limited & ET Trade Limited	15.8%	Microsoft Windows, iOS, Android, Web browsers,
3 Infocast Limited	3.2%	Microsoft Windows, Android, iOS, Web browsers,
4 AFE Solutions Ltd.	2.7%	Microsoft Windows, Android, iOS, Web browsers
5 The Group	2.2%	Microsoft Window, Mac OS, Android, iOS, Web browsers,

- Notes:*
1. SunGard was acquired by FIS global, the world's largest provider of banking and payments technology solutions and a global leader in consulting and outsourcing solutions in August 2015.
 2. In August 2010, AASTOCKS became a wholly-owned subsidiary of Shanghai DZH Limited (Stock Code: 601519.SH) in HK.

The market is comparatively fragmented, and the first and second market players have integrated the business through capital acquisition. Over 50% of the revenue of the first and second players in the table was generated from providing real-time data feeds services. A majority of the revenue of the third and fourth players in the table were generated from providing back-office trading system services. The Group accounted for about 2.2% of total integrated securities trading platform services market in Hong Kong during the period of April 2017 to March 2018. Among the top five players, our Group is the only one which provides services through a variety of operating systems and platforms, including Mac OS, Android, iOS, PC.

Competing Factors

- (i) **Data security:** is the key competing factor for providing integrated securities trading platform services, since investors are worried about the confidential and sensitive data may be inspected, accessed, modified or stolen by others. Financial institutes and individual investors could suffer irreparable financial loss. Therefore, most integrated securities trading platform service providers strive for advancing the security level of their data.
- (ii) **Service pricing:** is another competing factor in integrated securities trading platform services market in Hong Kong. Since the operational cost is rising due to the growing labour and maintenance cost, financial institutes and personal investors, prefer the services at a lower price while good performance in order to control the operational cost.
- (iii) **Good reputation and branding:** branding means the entire customer experience and the quality of service, taking time and capability to accumulate. Potential clients tend to choose the service providers with good branding and reputation, which offer up-to date and accurate data and safe securities trading service, in order to decrease the operational risk and cost. Thus, service providers must strengthen their branding and reputation in order to better compete in the market.

REGULATORY OVERVIEW

This section sets out an overview of Hong Kong and PRC laws, regulations and rules applicable, though not exhaustive, to our Group's business. As this is an overview, it does not contain the detailed analysis of the Hong Kong and the PRC laws which are relevant to our Group's business.

OVERVIEW OF LAWS AND REGULATIONS IN HONG KONG

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) (the "Trade Marks Ordinance")

The Trade Marks Ordinance provides, among other things, that a person infringes a registered trademark if the person use 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 or 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, take unfair advantage of, or is detrimental to, the distinctive character or repute of a trademark.

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, our Group has registered certain trademarks in Hong Kong, the details of which are more particularly described in the subsection headed "Statutory and General Information – B. Further information about the business – 2. Intellectual property rights of our Group – (a) Trademarks" in Appendix IV to this Prospectus. The Directors confirm that our Group did not receive any claim for trademark infringement during the Track Record Period and up to the Latest Practicable Date.

REGULATORY OVERVIEW

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (the “Copyright Ordinance”)

Under the Copyright Ordinance, copyright gives the copyright owner the exclusive right to reproduce or issue copies of the work to the public. It is an infringement for a third party to do those acts without the consent of or a licence from the copyright owner. If an infringement occurs, the copyright owner can bring an action seeking damages or an injunction to restrain the unauthorised copying. A copyright tribunal comprising members from different sectors of the community has been established to handle copyright licensing disputes and ensure a balancing of interests. The copyright tribunal is established pursuant to section 169 of the Copyright Ordinance and its scope includes deciding disputes relating to licences offered by, or licensing schemes operated by licensing bodies in the copyright and related area. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there had been no claim against our Group in respect of infringement of intellectual property rights of any third party.

Under the Copyright Ordinance, provision is made to protect copyright works of computer programme and compilation of data. The Group has not registered the copyright of its software systems in Hong Kong as there is no formal procedure to register copyrights of computer software system in Hong Kong. Should there be any formal procedure to register copyright of computer software system in Hong Kong in the future, our Group may consider to register the copyright of its software systems in Hong Kong.

As confirmed by our Directors, our Group has obtained all necessary permits, approvals and licences to operate its existing business in Hong Kong from relevant governmental bodies since its establishment. Given the business engaged by our Group, our Directors confirm that our Group is not subject to any specific regulations and trading rules in Hong Kong and no particular or specific licence or permit is required for our Group to carry out its business in Hong Kong as at the Latest Practicable Date. As confirmed by our Directors, our Group is not required to ensure its software system to be sold to licensed persons or corporations (as defined under the SFO) or Hong Kong Stock Exchange participants. The Directors also confirm that our Group is not subject to trading rules in other countries and where trading of overseas securities through our trading channel solutions is involved, our Group is not subject to any rules and regulations in overseas jurisdictions on financial trading software solutions and no specific licence or agreement is required to become system vendors of participants of various exchanges as well as with overseas brokers.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the “PDPO”)

The PDPO aims to protect the privacy of individuals in relation to personal data, which is defined in section 2 of the PDPO as any data (i) relating directly or indirectly to a living individual (data subject); (ii) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (iii) in a form in which access to or processing of the

REGULATORY OVERVIEW

data is practicable. The PDPO regulates the conducts of a data user, i.e. any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

In carrying out our Group's operations, we need to comply with the PDPO and its six data protection principles, which are:

Principle 1 – Purpose and manner of collection. This provides for the lawful and fair collection of personal data and sets out the information a data user must give to a data subject when collecting personal data from that subject.

Principle 2 – Accuracy and duration of retention. This provides that personal data should be accurate, up-to-date and kept no longer than necessary.

Principle 3 – Use of personal data. This provides that unless the data subject gives consent otherwise personal data should be used for the purposes for which they were collected or a directly related purpose.

Principle 4 – Security of personal data. This requires appropriate security measures to be applied to personal data (including data in a form in which access to or processing of the data is not practicable).

Principle 5 – Information to be generally available. This provides for openness by data users about the kinds of personal data they hold and the main purposes for which personal data are used.

Principle 6 – Access to personal data. This provides for data subjects to have rights of access to and correction of their personal data.

In the course of our business, our Group has in its possession private and confidential personal data. As such, our operations in relation to personal data are regulated by the PDPO and our Group falls within the definition of “data user” as defined under the PDPO. Hence, we are subject to the principles set out in the PDPO regarding the collection, use, retention, accuracy and security of and access to personal data.

Employment and labour legislation

The principal employment and labour statutes in Hong Kong include the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the “**EO**”), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “**ECO**”), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the “**MPFSO**”) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the “**MWO**”).

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The EO is an ordinance enacted for, amongst other things, the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies. Under the EO, an employee is generally entitled to, amongst other things, notice of termination of his or her employment contract; payment in lieu of notice; maternity protection in the case of a pregnant employee; not less than one rest day in every period of seven days; severance payments or long service payments; sickness allowance; statutory holidays or alternative holidays; and paid annual leave of up to 14 days depending on the period of employment. Our Directors confirm that no legal proceedings (whether criminal or civil) have been instituted, brought or continued against us for violation or non-compliance of the EO up to the Latest Practicable Date.

The ECO is an ordinance enacted for the purpose of providing for the payment of compensation to employees injured in the course of employment. As stipulated by the ECO, an employer is required to take out an insurance policy to insure against the injury risk of his or her employees. Any employer who contravenes this requirement commits a criminal offence and is liable on conviction to a fine and imprisonment. An employer who has taken out an insurance policy under the ECO is required to display a prescribed notice of insurance in a conspicuous place on each of its premises where any employee is employed. Our Directors confirm that at all times during the Track Record Period, Tele-Trend Konson has been the employer of all of our Group's staff in Hong Kong and has maintained an insurance policy under the ECO, with the requisite notice of insurance. In addition, our Directors confirm that no legal proceedings (whether criminal or civil) have been instituted, brought or continued against us for violation or non-compliance of the ECO up to the Latest Practicable Date.

The MPFSO is an ordinance enacted for the purposes of providing for the establishment of non-governmental mandatory provident fund schemes (“**MPF Schemes**”). The MPFSO requires every employer of an employee of 18 years of age or above (but below the retirement age) to take all practical steps to ensure that the employee becomes a member of a registered MPF Scheme. Any employer who contravenes this requirement commits a criminal offence and is liable on conviction to a fine and imprisonment. If an employer has, to the satisfaction of the Mandatory Provident Fund Schemes Authority, complied with the requirement, a certificate would be issued to the employer, certifying that the employer is a participating employer in the specified MPF Scheme. Our Directors confirm that no legal proceedings (whether criminal or civil) have been instituted, brought or continued against us for violation or non-compliance of the MPFSO up to the Latest Practicable Date.

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The MWO is a statute enacted for the purposes of providing for a minimum wage at an hourly rate for most employees. It came into effect on 1 May 2011. From 1 May 2011, the minimum hourly wage rate for an employee (other than an employee with disability) was HK\$28.00 per hour, which was increased to HK\$30.00 per hour with effect from 1 May 2013 and further increased to HK\$32.50 per hour with effect from 1 May 2015. The Chief Executive in Council has adopted the recommendation of the Minimum Wage Commission to raise the statutory minimum wage rate to HK\$34.50 per hour. Subject to approval by the Legislative Council, the revised statutory minimum wage rate will take effect from 1 May 2017. At all times during the Track Record Period, terms and conditions of the employment contracts entered into by our Group were (at the time when the respective employment contracts were entered into) in compliance with the MWO. In addition, our Directors confirm that no legal proceedings (whether criminal or civil) have been instituted, brought or continued against us for violation or non-compliance of the MWO up to the Latest Practicable Date.

OVERVIEW OF LAWS AND REGULATIONS IN PRC

Policies and Regulations Relating to the Software Industry

Investment in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Guidance Catalogue of Industries for Foreign Investment (2017 Version) (《外商投資產業指導目錄(2017年修訂)》) (the “**Foreign Investment Catalogue**”), which was jointly amended and promulgated by the Ministry of Commerce of the People’s Republic of China (中華人民共和國商務部) (the “**MOFCOM**”) and the National Development and Reform Commission (中華人民共和國發展與改革委員會) (the “**NDRC**”) on 28 June 2017 and became effective on 28 July 2017. The Foreign Investment Catalogue contains specific provisions guiding market access of foreign capital, stipulating in detail different areas of entry pertaining to the categories, which includes encouraged foreign-invested industries, restricted foreign invested industries and prohibited foreign investment industries. According to Article 252 of the Foreign Investment Catalogue, the business engaged by our Group falls within the encouraged foreign-invested industry.

On 28 June 2018, NDRC and the MOFCOM promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment (2018) (《外商投資准入特別管理措施》(負面清單)(2018年版)) (the “**Negative List**”) which became effective on 28 July 2018. Pursuant to the Negative List, the Special Management Measures for the Access of Foreign Investment (Negative List for the Access of Foreign Investment) in the Foreign Investment Catalogue shall be repealed, and the Catalogue of Encouraged Industries for Foreign Investment shall continue to be implemented. There is no regulatory change about our Group’s business since our Group’s business falls within the encouraged foreign-invested industry under the Foreign Investment Catalogue.

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Pursuant to the Provisions for Guiding the Foreign Investment Direction (《指導外商投資方向規定》), projects with foreign investment fall into 4 categories, namely encouraged, permitted, restricted and prohibited ones. Projects with foreign investment that are encouraged, restricted or prohibited shall be listed in the Foreign Investment Catalogue. Projects with foreign investment that are not listed as encouraged, restricted or prohibited projects are permitted projects. Permitted projects with foreign investment shall not be listed in the Foreign Investment Catalogue.

The Circular of the State Council on Printing and Distributing Policies for Encouraging the Development of the Software Industry and the Integrated Circuit Industry (《國務院關於印發鼓勵軟件產業和集成電路產業發展若干政策的通知》) issued on 24 June 2000, continually execute policies of encouraging new and high technology and enact further policies to support the software and IC industries.

Pursuant to the Circular of the State Council on Printing and Distributing Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry (《國務院關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》) effective from 28 January 2011, the following financial and tax policies were formulated:

- (i) preferential value-added tax policies for software shall continue to be implemented;
- (ii) granting software and IC manufacturing enterprises more preferential policies on investment and financing in central budgets, policy-oriented financial institutions and commercial institutions; and
- (iii) other preferential policies on intellectual properties, research and development, human resources, input and output and marketing.

Laws and Regulations Relating to Intellectual Property Rights

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the “**Patent Law**”) promulgated on 12 March 1984 with the last amendment effective from 1 October 2009, and the Implementing Regulations of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) promulgated on 15 June 2001 and revised on 28 December 2002 and 9 January 2010, respectively, an inventor or a designer may apply to the State Intellectual Property Office (the “**SIPO**”) for the grant of an invention patent, an utility patent or a design patent. According to the Patent Law, the right to apply for a patent (a patent application) and of registered patent can be transferred upon completion of registration with the SIPO. The patent right duration is 20 years for invention and 10 years for utility and design, counted from the date of filing. A patentee is obligated to pay annual fee beginning with the year in which the patent right was granted. Failure to pay the annual fee may result in a termination of the patent right duration.

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Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”) was promulgated on 23 August 1982 and revised in 1993 and 2001, respectively, and was further amended on 30 August 2013 and became effective on 1 May 2014. The Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) was promulgated on 3 August 2002 by the State Council and amended on 29 April 2014 and became effective on 1 May 2014. These current effective laws and regulations provide the basic legal framework for the regulations of trademarks in the PRC, covering registered trademarks including commodity trademarks, service trademarks, collective marks and certificate marks. The Trademark Office under the State Administration for Industry and Commerce (the “**SAIC**”) is responsible for the registration and administration of trademarks in the PRC. Trademarks are granted on a term of 10 years commencing on its filling date. Twelve months prior to the expiration of the 10-year term, an applicant may renew the trademark for another 10 years.

Under the Trademark Law, any of the following acts may be regarded as an infringement of the exclusive right to use a registered trademark:

- Use of a trademark that is identical with or similar to a registered trademark on the same or similar kind of commodities without the authorisation of the trademark registrant;
- Sale of commodities infringing upon the exclusive right to use a registered trademark;
- Counterfeiting or making, without authorisation, representations of a registered trademark, or sale of such representation of a registered trademark; and
- Otherwise infringing upon other person’s exclusive right to use a registered trademark and causing damages.

Violation of the Trademark Law may result in imposition of fines, confiscation and destruction of infringing commodities. Trademark licensing agreements must be filed with the Trademark Office under the SAIC or its local counterparts. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on 7 September 1990 and amended on 26 February 2010 with effect from 1 April 2010, protects copyright and explicitly covers computer software copyright. The Regulations on the Protection of Computer Software (《計算機軟件保護條例》), promulgated on 20 December 2001 with the last amendment effective from 1 March 2013, protects the rights and interests

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of the computer software copyright holders and encourages the development of software industry and information economy. In the PRC, software developed by Chinese citizens, legal persons or other organisations are automatically protected immediately after its development, whether published or not. Foreigners or stateless persons having software first published within the territory of the PRC enjoy copyright in accordance with these regulations. Software owned by foreigners or stateless persons enjoys copyright in the PRC and protection under these regulations according to an agreement signed between the country to which it belongs or the habitual residence of its developer and China or according to the international conventions China participated in. A software copyright owner may register with the software registration institution recognised by the copyright administration department of the State Council. A registration certificate issued by the software registration institution is a preliminary proof of the registered items. Upon the Order of the National Copyright Administration on the Issuance of the Measures for the Registration of Computer Software Copyright, announced on 20 February 2002, the National Copyright Administration of the PRC promulgated the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which came into force on the date of promulgation and outline the operational procedures for registration of software copyright, as well as registration of software copyright licence and transfer contracts. The Copyright Protection Centre of the PRC is mandated as the software registration agency under the regulations.

Domain Name

Internet domain name registration and related matters are primarily regulated by the Implementing Rules of Domain Name Registration (《中國互聯網絡信息中心域名註冊實施細則》) issued by China Internet Network Information Centre (中國互聯網絡信息中心) (the “CINIC”) which became effective on 29 May 2012, the Administration Measures for the of Internet Domain Names (《互聯網絡域名管理辦法》) issued by the Ministry of Industry and Information Technology (工業和信息化部) on 16 August 2017 and became effective on 1 November 2017, and the Measures on Domain Name Disputes Resolution issued by CINIC (《中國互聯網絡信息中心域名爭議解決辦法》) issued by CINIC with effect from 1 September 2014. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration. Domain name disputes shall be submitted to institutions authorised by the CINIC for resolution.

Laws and Regulations Relating to Taxation

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》) (the “EIT Law”) which was promulgated by the National People’s Congress on 16 March 2007 and took effect on 1 January 2008 and was latest amended on 24 February 2017, and its implementing rules, a unified EIT rate of 25% is applied equally to both domestic

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enterprises and foreign invested enterprises excluding non-resident enterprises. The EIT rate could be reduced to 15% for High-tech enterprises in need of special support from the PRC government.

Pursuant to the newly revised Administrative Measures for the Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) (the “**Administrative Measures**”) which became effective on 1 January 2016, high-tech enterprises, which are recognised in accordance with the Administrative Measures, may apply for the tax preferential policy in accordance with the EIT Law and the Implementing Measures thereof, the Law of PRC Concerning the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and Implementing Rules of the Law of the PRC Concerning the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》). The qualified high-tech enterprises would be taxed at a rate of 15% on EIT. The validity period of high-tech enterprises shall be effective for three years from the date of issuance of the certificate of high-tech enterprise. After obtaining the high-tech enterprise qualification, such enterprise shall file an annual form containing the following: intellectual property rights, scientific and technical personnel, research and development expenses, operating income and other developments in “high-tech enterprise management website” before the end of every May. Where a significant change occurred such as change of name or other conditions related to the high-tech enterprises identified (e.g., separation, merger, restructuring and change of business, etc.), such enterprise should report it to the relevant competent tax authority, which would accredit such enterprise within three months. Upon such accreditation, the high-tech enterprise would either remain its’ qualification or be disqualified. For enterprises undergoing a change of name, the authority would re-issue the certificate with the certificate number and duration of validity remains unchanged.

Pursuant to the Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Taxes on the Indirect Transfer of Properties by Non-resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) promulgated and with effect from 3 February 2015 (“**Circular 7**”), where a non-resident enterprise indirectly transfers equities and other properties of a Chinese resident enterprise (“**PRC Taxable Properties**”) to evade its obligation of paying EIT by implementing arrangements that are not for bona fide commercial purpose, such indirect transfer shall be re-identified and recognised as a direct transfer of equities and other properties of the Chinese resident enterprise, in accordance with the provisions of Article 47 of the EIT Law. PRC Taxable Properties in this announcement include properties of a PRC entity or establishment located in China, real estate in China and an equity investment in a PRC resident enterprise, that are directly held by a non-resident enterprise and proceeds from such transfer shall be subject to EIT in China in accordance with the PRC tax laws. An indirect transfer of PRC Taxable Properties refers to a transfer by a non-resident company of an equity interest or other similar right or interest in an overseas enterprise (excluding the PRC resident enterprise registered overseas) (the “**Overseas Enterprises**”) that in turn directly or indirectly holds the PRC Taxable Properties, which

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effectively has the same or a similar effect as a direct transfer of such PRC Taxable Properties. Circular 7 also provides that an indirect transfer of PRC Taxable Properties, which satisfies one of the following conditions, will not be subject to the aforesaid provisions:

- A non-resident enterprise buys and sells the shares of one same overseas listed company in a public stock exchange; and
- If the non-resident enterprise directly held and transferred PRC Taxable Properties, the proceeds derived thereof would be exempt from EIT under the applicable tax treaty or arrangement.

Value-added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the Stated Council on 13 December 1993 and was latest amended on 19 November 2017, and its implementing rules (《中華人民共和國增值稅暫行條例實施細則》) promulgated by MOF on 25 December 1993 and revised on 15 December 2008 and 28 October 2011, respectively, tax payers 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 (the “VAT”).

The latest Implementation Measures for the Pilot Programme for Levying Value-Added Tax in Lieu of Business (營業稅改徵增值稅試點實施辦法), promulgated by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部) and State Administration of Taxation (國家稅務總局) on 23 March 2016 and became effective on 1 May 2016. According to the Implementation Measures for the Pilot Programme for Levying Value-Added Tax in Lieu of Business for the provision of services in the modern service industries the tax rate is 6%.

Laws and Regulations Relating to Dividend Distribution

Under the Law of the PRC on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》), which was promulgated by the National People’s Congress of the PRC in 1986 and revised by the Standing Committee of National People’s Congress on 31 October 2000 and 3 September 2016, respectively, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations.

According to the EIT Law and its implementing rules, dividends paid to investors of an eligible PRC resident enterprise can be exempted from the EIT and dividends paid to foreign investors are subject to a withholding tax rate of 10%, unless relevant tax agreements entered into by the PRC government provide otherwise.

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The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Incomes (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement**”) on 21 August 2006. According to the Arrangement, 5% withholding tax rate shall apply to the dividends paid by a PRC company to a Hong Kong resident, provided that such Hong Kong resident directly holds at least 25% of the equity interests in the PRC company, and 10% of withholding tax rate shall apply if the Hong Kong resident holds less than 25% of the equity interests in a PRC company.

Pursuant to the Circular on Relevant Issues Relating to the Implementation of Dividend Clauses in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), which was promulgated by the SAT and became effective on 20 February 2009, all of the following requirements shall be satisfied where a fiscal resident of the other party to a tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner’s equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to obtaining the dividends, reach a percentage specified in the tax agreement.

According to the Administrative Measures on Tax Convention Treatment for Non-Resident Taxpayers (《非居民納稅人享受稅收協定待遇管理辦法》), which was promulgated by the SAT on 27 August 2015 and became effective on 1 November 2015, where a non-resident enterprise that receives dividends from a PRC resident enterprise, it could directly enjoy the favourable tax benefits under the tax arrangements at tax returns, and subject to the subsequent regulation of the competent tax authority.

Laws and Regulations Relating to Labour

Pursuant to the PRC Labour Law (《中華人民共和國勞動法》) promulgated on 5 July 1994 with effect from 1 January 1995, and revised on 27 August 2009, as well as the PRC Labour Contract Law (《中華人民共和國勞動合同法》) promulgated on 29 June 2007, revised on 28 December 2012 and effective from 1 July 2013, if an employment relationship is established between an entity and its employees, written labour contracts shall be executed between them. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wages. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the PRC government on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

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Pursuant to the Interim Regulations on Levying Social Insurance Premiums (《社會保險費徵繳暫行條例》) effective from 22 January 1999, the Interim Measures concerning the Administration of the Registration of Social Insurance (《社會保險登記管理暫行辦法》) effective from 19 March 1999, Decisions of the State Council on Modifying the Basic Endowment Insurance System for Enterprise Employees (《國務院關於完善企業職工基本養老保險制度的決定》) promulgated on 3 December 2005, Decision on Establishment of Basic Medical System for Urban Employee (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by State Council with effect from 14 December 1998, the Regulations on Unemployment Insurance (《失業保險條例》) effective from 22 January 1999, Regulations on Work-Related Injury Insurance (《工傷保險條例》) promulgated on 27 April 2003 with effect from 1 January 2004, and as amended on 20 December 2010, and the Interim Measures concerning the Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) promulgated on 14 December 1994 with effect from 1 January 1995, employers are required to register with the competent social insurance authorities and provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which became effective on 1 July 2011, all employees are required to participate in basic pension insurance, basic medical insurance schemes and unemployment insurance, which must be contributed by both the employers and the employees. All employees are required to participate in work-related injury insurance and maternity insurance schemes, which must be contributed by the employers. Employers are required to complete registrations with local social insurance authorities. Moreover, the employers must timely make all social insurance contributions. Except for mandatory exceptions such as force majeure, social insurance premiums may not be paid late, reduced or be exempted. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to 1-3 times the overdue amount.

Pursuant to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) effective from 3 April 1999, and amended on 24 March 2002, enterprises are required to register with the competent administrative centres of housing provident fund and open bank accounts for housing provident funds for their employees. Employers are also required to timely pay all housing fund contributions for their employees. Where an employer fails to submit and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management centre shall order it to go through the formalities within a prescribed time limit. Failing to do so at the expiration of the time limit will subject the employer to a fine of not less than RMB10,000 and up to RMB50,000. When an employer fails to pay housing provident fund due in full and in time, housing provident fund centre is entitled to order it to rectify, failing to do so would result in enforcement exerted by the court.

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Laws and Regulations Relating to Foreign Exchange

Foreign Exchange

Pursuant the Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996 and amended on 5 August 2008, and various regulations issued by the State Administration of Foreign Exchange (國家外匯管理局) (the “SAFE”) and other PRC regulatory agencies, foreign currency could be exchanged or paid through two different accounts, namely current account and capital account. Payment of current account items, including commodity, trade and service-related foreign exchange transactions and other current payment, may be made by conversion between Renminbi and foreign currencies without approval of the SAFE, but are subject to procedural requirements including presenting relevant documentary evidence of such transactions. Capital account items, such as direct equity investment, loans and repatriation of investment, require the prior approval from or registration with the SAFE or its local branch for conversion between Renminbi and the foreign currency, and remittance of the foreign currency outside the PRC.

SAFE Circular 59

On 19 November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (“SAFE Circular 59”), which became effective on 17 December 2012 and were amended on 4 May 2015. SAFE Circular 59 substantially amends and simplifies the current foreign exchange procedure. According to SAFE Circular 59, the opening of various special purpose foreign exchange accounts (e.g. pre-investment expenses account, foreign exchange capital account, asset realisation account, guarantee account) no longer requires SAFE’s approval. Furthermore, multiple capital accounts for the same entity may be opened in different provinces, which was not possible before the issuance of SAFE Circular 59. Reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment) no longer requires SAFE’s approval or verification, and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer requires SAFE’s approval.

SAFE Circular 19

On 30 March 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested 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》) (“SAFE Circular 19”), which came into effect on 1 June 2015. According to SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises (the “FIE”) shall be subject to a discretionary foreign exchange settlement (the “Discretionary Foreign Exchange Settlement”). The Discretionary Foreign Exchange Settlement refers to the foreign exchange

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capital in the capital account of an FIE for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) and can be settled at the banks based on the actual operational needs of the FIE. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital of an FIE is temporarily determined as 100%. Renminbi converted from a foreign exchange capital will be kept in a designated account and if an FIE needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks.

Furthermore, SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in Renminbi obtained by the FIE from foreign exchange settlement shall not be used for the following purposes:

1. directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations;
2. directly or indirectly used for investment in securities unless otherwise provided by relevant laws and regulations;
3. directly or indirectly used for granting the entrust loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to the third party; and
4. paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE Circular 37

On 4 July 2014, Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”) became effective on 4 July 2014. Pursuant to SAFE Circular 37, SAFE and its branches shall enforce registration management for establishment of a special purpose vehicle (an “**SPV**”) by domestic residents (including domestic institutions and domestic resident individuals, and domestic resident individuals shall refer to Chinese citizens holding the identity cards for Chinese domestic residents, military identity certificates or identity certificates for armed police force, and overseas individuals that do not hold any domestic legitimate identity certificates but have habitual residences within the territory of the PRC due to relationships of economic interests). Prior to contributing domestic and overseas legitimate assets or interests to an SPV, a domestic resident shall apply to SAFE for foreign exchange registration of overseas investment. Where a registered overseas SPV undergoes changes of its domestic resident individual shareholders, name, operating period or other basic information,

REGULATORY OVERVIEW

or experiences substantial changes including without limitation the increase or reduction of registered capital by domestic resident individuals, transfer or replacement of equity and merger or split, the SPV shall go through modification registration of foreign exchange for overseas investment with SAFE. Where a non-listed SPV uses its own equity interests or options to grant equity incentives to the directors, supervisors and senior management of a domestic enterprise under its direct or indirect control, as well as other employees in employment or labour relationships with the aforesaid company, relevant domestic resident individuals may, before exercising their rights, apply to SAFE for foreign exchange registration of the SPV.

SAFE Circular 13

Pursuant to Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), which was promulgated by SAFE on 13 February 2015 and became effective on 1 June 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment will be directly reviewed and handled by banks in accordance with SAFE Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

HISTORY, REORGANISATION AND DEVELOPMENT

BUSINESS DEVELOPMENT

Overview

The history of our Group can be traced back to July 2010 when Tele-Trend Konson SZ, one of our major operating subsidiaries, which is principally engaged in development of computer hardware and software technology, was established.

To further expand our business scope and explore business opportunities in Hong Kong, Mr. Liu Yong and Mr. Liu Zhenyu, together with Tele-Trend Limited, established Tele-Trend Konson, one of our major operating subsidiaries, in March 2011.

We began our business operation in 2010 and rolled out our first securities trading platform software in the same year. During the course of our business, we have developed and launched a number of securities trading platform software. Leveraging on our proprietary software we have developed, modified and enhanced over the years, we consider ourselves a market pioneer in providing front office trading system services and market data services to Hong Kong Brokerage Firms through an integrated model, especially to the PRC Background Brokerage Firms in Hong Kong.

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

<u>Year</u>	<u>Major Events</u>	<u>Year</u>	<u>Major Events</u>
July 2010	Tele-Trend Konson SZ was established	October 2014	We launched the Android and iOS version of our integrated securities trading platform software, <i>TradeGo</i> and <i>TradeGo Pro</i>
November 2010	We rolled out our first securities trading platform software, Hong Kong Stock Express (港股快車), on Microsoft Windows Android and iOS	November 2014	We became the designated platform operator of Shanghai Stock Exchange to design and operate the simulation trading platform for Shanghai-Hong Kong Stock Connect
March 2011	Tele-Trend Konson was established	November 2015	We were certified to Level 3 of Capability Maturity Model Integration
December 2011	We rolled out the Web browser version of Hong Kong Stock Express (港股快車)	November 2016	We became the designated platform operator of Shenzhen Stock Exchange to design and operate the simulation trading platform for Shenzhen-Hong Kong Stock Connect
February 2013	We commenced our market data services in relation to securities listed on NASDAQ	March 2017	We rolled out the Mac OS X version of <i>TradeGo Pro</i>
March 2013	We rolled out the Microsoft Windows, Android, iOS and Web browsers version of Global Express (環球快車)		

HISTORY, REORGANISATION AND DEVELOPMENT

CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands on 15 June 2017 as an exempted company under the Companies Law in anticipation of the Listing. Upon completion of the Reorganisation, our Company became the holding company of our Group, which comprises our major operating subsidiaries as set out below. Details of our Company are set out in the section headed “History, Reorganisation and Development – Reorganisation” in this prospectus.

As disclosed in the business section of the Prospectus, the Group is one of the leading integrated securities trading platform service providers serving primarily Hong Kong brokerage firms and their clients. The end users of the securities trading platform of the Group may easily access market data and use other securities trading related services via the products of the Group. The launch of the CMS Plus trading system and the online account opening appointment services in 2016 and 2017 respectively by the Group demonstrated the application of innovative technology in the financial services industry. The plan of the Group to launch other new products, such as *iBroker*, also demonstrates the Group’s continuous effort in using advanced technology to facilitate customers’ needs in the financial services industry.

Based on the aforesaid, the Directors are of the view that the current name of the Company appropriately reflects its present and future business engagements by incorporating the word “FinTech” in its name.

OUR MAJOR OPERATING SUBSIDIARY IN HONG KONG

During the Track Record Period, we have been operating through Tele-Trend Konson, which is principally engaged in the marketing and sale of our products and services.

Tele-Trend Konson

Tele-Trend Konson was incorporated in Hong Kong with limited liability on 17 March 2011. 6,500 shares, 2,000 shares and 1,500 shares were allotted and issued to Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, respectively. The issue price was based on the then par value of HK\$1.00 per share of Tele-Trend Konson. After the allotment, Tele-Trend Konson was owned as to 65%, 20% and 15% by Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, respectively. The shareholding on record in Tele-Trend Konson remained the same until immediately before the Reorganisation.

Tele-Trend Limited, a company beneficially owned as to 60% and 37% during the Track Record Period by Mr. Chan Yuk Kwing and Mr. Kwok Tak Sing (both of whom were directors of Tele-Trend Konson during majority of the Track Record Period), was one of the major suppliers and customers of our Group during the Track Record Period. For further details of the relationship between Tele-Trend Limited and our Group, and the transactions between Tele-Trend Limited and/or its associates with our Group, please refer to the sections headed “Business – Suppliers”, “Business – Customers”, “Relationship with Controlling Shareholders” and Note 25 to Appendix I in this prospectus.

HISTORY, REORGANISATION AND DEVELOPMENT

Pursuant to an employee share ownership scheme, Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, declared 860, 80 and 60 shares of Tele-Trend Konson registered under their respective names (1,000 shares of Tele-Trend Konson in total, representing 10% of the then entire issued share capital of Tele-Trend Konson) as trust shares which they, in the capacity of trustees, held the said shares on trust for and on behalf of the beneficiaries under the employee share ownership scheme.

As part of the Reorganisation, on 16 July 2015, Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, as vendors, and TradeBook Global, as purchaser, entered into a sale and purchase agreement, pursuant to which TradeBook Global acquired the entire share capital in Tele-Trend Konson to be completed in two stages. The first stage transfer was completed on 27 July 2015, where Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu transferred 2,220 shares, 1,920 shares and 1,440 shares of Tele-Trend Konson to TradeBook Global in consideration of HK\$10,000,000, HK\$1,920 and HK\$1,440, respectively. Acknowledging that TradeBook Global having allotted 10% of its then entire issued share capital to Xin Cheng, all beneficiaries under the employee share ownership scheme irrevocably consented to the transfer of their respective interest in Tele-Trend Konson to TradeBook Global, in exchange for rights in the Pre-IPO Equity Interest Incentive Scheme. With the authorisation granted by all beneficiaries under the pre-IPO employee share ownership scheme via a deed dated 16 July 2015, Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu in their capacity as trustees in the employee share ownership scheme, transferred 860, 80 and 60 shares of Tele-Trend Konson to TradeBook Global as legal and beneficial owner on 27 July 2015, respectively. The second stage transfer was set to complete not later than 30 June 2016. As a result of further negotiation of representations and warranties between Tele-Trend Limited and TradeBook Global, a deed was executed by Tele-Trend Limited and TradeBook Global, pursuant to which, the second stage completion was transferred on 22 December 2016, where Tele-Trend Limited transferred the remaining 3,420 shares of Tele-Trend Konson to TradeBook Global in consideration of HK\$15,380,000.

Upon completion of second stage of transfer, Tele-Trend Konson became a wholly-owned subsidiary of TradeBook Global.

On 17 March 2017, Tele-Trend Konson allotted and issued 10,000 shares to TradeBook Global for a consideration of HK\$7,500,000. Tele-Trend Konson remained a subsidiary of TradeBook Global until immediately prior to the completion of the Reorganisation. For further details of the Reorganisation, please refer to the section headed “History, Reorganisation and Development – Reorganisation” in this prospectus.

OUR MAJOR OPERATING SUBSIDIARIES IN THE PRC

During the Track Record Period, we have been operating through Tele-Trend Konson SZ and Shenzhen Rongyi in the PRC, both of which are principally engaged in development of computer hardware and software technology.

HISTORY, REORGANISATION AND DEVELOPMENT

Tele-Trend Konson SZ

Tele-Trend Konson SZ was established on 29 July 2010 as a sino-foreign joint venture enterprise under the PRC laws for carrying on the business of development of computer hardware and software technology. The registered capital of RMB1,000,000 was fully paid up by cash by the then equity holders in proportion to their respective equity interests in Tele-Trend Konson SZ. The equity holding structure of Tele-Trend Konson SZ upon establishment was as follows:

Name of equity holders	Registered capital	Percentage
	<i>RMB</i>	
Tele-Trend Limited	700,000	70%
Shenzhen Rongyi	300,000	30%
	<u>1,000,000</u>	<u>100%</u>

On 28 September 2014, as part of internal restructuring, Tele-Trend Limited, Shenzhen Rongyi and Tele-Trend Konson entered into an equity transfer agreement, pursuant to which, Tele-Trend Limited and Shenzhen Rongyi transferred their 70% and 30% equity interest in Tele-Trend Konson SZ to Tele-Trend Konson for the consideration of HK\$1 and HK\$1, respectively.

Upon completion of the above equity transfers, Tele-Trend Konson SZ became a wholly foreign-owned enterprise and the equity holding structure of Tele-Trend Konson SZ was as follows:

Name of equity holder	Registered capital	Percentage
	<i>RMB</i>	
Tele-Trend Konson	1,000,000	100%
	<u>1,000,000</u>	<u>100%</u>

On 24 October 2016, Tele-Trend Konson SZ increased its registered share capital from RMB1,000,000 to RMB20,000,000. Up to the date of this prospectus, only RMB9,624,900 out of the registered capital of RMB20,000,000 has been paid up. Our PRC Legal Advisers opined that as long as the registered capital of RMB20,000,000 will be fully paid up by 31 December 2018 in accordance with the articles of Tele-Trend Konson SZ, there will be no violation of relevant company laws.

Our PRC Legal Advisers confirmed that the establishment of Tele-Trend Konson SZ and equity transfers as described above had been approved by relevant competent authorities and were legally valid and effective.

HISTORY, REORGANISATION AND DEVELOPMENT

Shenzhen Rongyi

Shenzhen Rongyi was established on 1 April 2010 as a limited liability company under the PRC laws for carrying on the business of sale and development of computer hardware and software technology. The registered capital of RMB300,000 was fully paid up by cash by the then equity holders in proportion to their respective equity interests in Shenzhen Rongyi. The equity holding structure of Shenzhen Rongyi upon establishment was as follows:

Name of equity holders	Registered capital	Percentage
	<i>RMB</i>	
Mr. Liu Yong	150,000	50%
Mr. Liu Zhenyu	150,000	50%
	<u>300,000</u>	<u>100%</u>

On 21 March 2016, as part of the Reorganisation, Mr. Liu Yong, Mr. Liu Zhenyu and Tele-Trend Konson SZ entered into an equity transfer agreement, pursuant to which, Mr. Liu Yong and Mr. Liu Zhenyu transferred their respective 50% equity interest in Shenzhen Rongyi to Tele-Trend Konson SZ for the consideration of RMB150,000 and RMB150,000, respectively.

Upon completion of the above equity transfers, the equity holding structure of Shenzhen Rongyi was as follows:

Name of equity holder	Registered capital	Percentage
	<i>RMB</i>	
Tele-Trend Konson SZ	300,000	100%
	<u>300,000</u>	<u>100%</u>

On 25 May 2016, Shenzhen Rongyi increased its registered share capital from RMB300,000 to RMB5,000,000. Our PRC Legal Advisers confirmed that the registered capital of Shenzhen Rongyi had been fully paid up, and the establishment of Shenzhen Rongyi and equity transfers as described above had been approved by relevant competent authorities and were legally valid and effective.

PRE-IPO INVESTMENTS

Overview of the Pre-IPO Investments

We introduced DowCapital, Mr. Wan Yong, Joint Smart in 2015, God of Stocks, VMI and Kun Peng in 2016, and Asia Wealth, Mr. Lee Deng Charng and Mr. Lee Yat Ming in 2017 as investors by acquiring or subscribing shares of TradeBook Global. In September 2015, Mr. Wan Yong transferred all his interest in TradeBook Global to Joint Smart, a company then wholly owned by him. In 2017, (i) God of Stocks ceased to be our investor, and transferred all its interest in TradeBook Global to Kun Peng; and (ii) DowCapital ceased to be our investor, and transferred all its interest in TradeBook Global to Mr. Lee Deng Charng and Mr. Lee Yat Ming. Each of Joint Smart, VMI, Kun Peng, Asia Wealth, Mr. Lee Deng Charng and Mr. Lee Yat Ming is referred to as a “**Pre-IPO Investor**” in this subsection headed “Pre-IPO Investments”, and collectively, they are referred to as “**Pre-IPO Investors**”. And, each of the investments made by the Pre-IPO Investors is referred to as an “**Pre-IPO Investment**” and collectively “**Pre-IPO Investments**”.

On 19 May 2015, Mao Jia, as transferor, and DowCapital, as transferee, entered into a share transfer agreement (the “**First Mao Jia-DowCapital Share Transfer Agreement**”), as supplemented by a supplemental agreement dated 19 May 2015 (the “**Second Mao Jia-DowCapital Share Transfer Agreement**”, together with the First Mao Jia-DowCapital Share Transfer Agreement, the “**Mao Jia – DowCapital Share Transfer Agreements**”), pursuant to which Mao Jia agreed to sell and DowCapital agreed to purchase 900 shares of TradeBook Global held by Mao Jia, representing 2% of the then issued share capital of TradeBook Global, for a consideration of RMB1,500,000. The consideration was determined based on arm’s length negotiations between DowCapital and Mao Jia.

On 21 May 2015, Mr. Wan Yong, Mao Jia and TradeBook Global entered into a subscription agreement (the “**Wan Yong Subscription Agreement**”), pursuant to which Mr. Wan Yong agreed to subscribe for 5,000 shares of TradeBook Global, representing 10% of the then issued share capital of TradeBook Global, for a consideration of RMB10,000,000 (or its equivalent in Hong Kong dollars). The consideration was determined based on arm’s length negotiations between Mr. Wan Yong, Mao Jia and TradeBook Global.

On 23 September 2015, Mr. Wan Yong and Joint Smart, a company then wholly owned by him, entered into a share transfer agreement (the “**Wan Yong – Joint Smart Share Transfer Agreement**”), pursuant to which Mr. Wan Yong transferred 5,000 shares of TradeBook Global to Joint Smart, at nominal consideration. On the same day, Mao Jia, as transferor, and Joint Smart, as transferee, entered into a share transfer agreement (the “**Mao Jia – Joint Smart Share Transfer Agreement**”), pursuant to which Mao Jia agreed to sell and Joint Smart agreed to purchase 3,000 shares of TradeBook Global held by Mao Jia, representing 6% of the then issued share capital of TradeBook Global, for a consideration of RMB6,000,000 (or its equivalent in Hong Kong dollars). The consideration was determined based on arm’s length negotiations between Joint Smart and Mao Jia.

HISTORY, REORGANISATION AND DEVELOPMENT

On 14 April 2016, God of Stocks entered into a subscription agreement (the “**First God of Stocks Subscription Agreement**”), as supplemented by a supplemental deed dated 27 October 2016 (the “**God of Stocks Supplemental Deed**”, together with the First God of Stocks Subscription Agreement, the “**God of Stocks Subscription Agreements**”), pursuant to which God of Stocks agreed to subscribe for 1,282 shares of TradeBook Global, representing approximately 2.50% of the then issued share capital of TradeBook Global, for a consideration of RMB5,000,000 (or its equivalent in Hong Kong dollars). The consideration was determined based on arm’s length negotiations between God of Stocks and TradeBook Global.

On 21 November 2016, Mao Jia, via an instrument of transfer, transferred 2,849 shares of TradeBook Global, representing approximately 5.56% of the then issued share capital of TradeBook Global, to VMI for a consideration of HK\$2,280,000 (the “**Mao Jia – VMI Share Transfer Document**”). The consideration was determined based on arm’s length negotiations between VMI and Mao Jia.

On 24 November 2016, VMI, as subscriber, Mr. Liu Yong, as guarantor, and TradeBook Global entered into a subscription agreement (the “**VMI Subscription Agreement**”), pursuant to which VMI agreed to subscribe for 5,698 shares of TradeBook Global, representing 10% of the then issued share capital of TradeBook Global, for a consideration of RMB20,000,000 (or its equivalent in Hong Kong dollars or U.S. dollars). The consideration was determined based on arm’s length negotiations between VMI and TradeBook Global.

On 21 September 2017, VMI, Mr. Liu Yong and TradeBook Global entered into a supplemental deed (the “**VMI Supplemental Deed**”), pursuant to which the parties agreed that VMI’s right to appoint director of any member company of our Group (as more particularly disclosed in the section headed “History, Reorganisation and Development – Rights of the Pre-IPO Investors” below) be terminated with effect from the date of the VMI Supplemental Deed.

On 12 December 2016, Mao Jia, as transferor, and Kun Peng, as transferee, entered into a share transfer agreement (the “**Mao Jia – Kun Peng Share Transfer Agreement**”), pursuant to which Mao Jia agreed to sell and Kun Peng agreed to purchase 1,282 shares of TradeBook Global, representing approximately 2.50% of the then issued share capital of TradeBook Global, for a consideration of HK\$6,000,000 (or its equivalent in U.S. dollars). The consideration was determined based on arm’s length negotiations between Mao Jia and Kun Peng.

On 30 March 2017, Mao Jia, as transferor, and Asia Wealth, as transferee, entered into a share transfer agreement (the “**Mao Jia – Asia Wealth Share Transfer Agreement**”), pursuant to which Mao Jia agreed to sell and Asia Wealth agreed to purchase 2,279 shares of TradeBook Global, representing approximately 4.00% of the then issued share capital of TradeBook Global, for a consideration of RMB12,000,000 (or its equivalent in Hong Kong dollars). The consideration was determined based on arm’s length negotiations between Mao Jia and Asia Wealth.

HISTORY, REORGANISATION AND DEVELOPMENT

On 13 May 2017, God of Stocks, as transferor, and Kun Peng, as transferee, entered into a share transfer agreement (the “**God of Stocks – Kun Peng Share Transfer Agreement**”), pursuant to which God of Stocks agreed to sell and Kun Peng agreed to purchase 1,282 shares of TradeBook Global, representing approximately 2.25% of the then issued share capital of TradeBook Global for a consideration of RMB6,750,000 (or its equivalent in Hong Kong dollars). The consideration was determined based on arm’s length negotiations between God of Stocks and Kun Peng.

On 14 September 2017, DowCapital, via an instrument of transfer, transferred 450 and 450 shares of TradeBook Global (450 shares of TradeBook Global represent approximately 0.79% of the then issued share capital of TradeBook Global while the aggregate of 900 shares of TradeBook Global represent approximately 1.58% of the then issued share capital of TradeBook Global) to Mr. Lee Deng Charng and Mr. Lee Yat Ming (both of them being all the shareholders and directors of DowCapital), for a consideration of RMB750,000 and RMB750,000, respectively (the “**DowCapital – DC Share Transfer Document**” and the “**DowCapital – YM Share Transfer Document**”). The consideration was determined based on arm’s length negotiations between DowCapital, Mr. Lee Deng Charng and Mr. Lee Yat Ming.

Pursuant to the Reorganisation, TradeBook Global has ceased to be part of our Group and the Shares have been distributed to the Pre-IPO Investors according to their respective shareholding in TradeBook Global. Please refer to the section headed “History, Reorganisation and Development – Reorganisation” in this prospectus for further details of the Reorganisation.

HISTORY, REORGANISATION AND DEVELOPMENT

The table below summarises the principal terms of the Pre-IPO Investments:

Name of Pre-IPO Investor	Joint Smart ^(Note 1)	VMI	Kun Peng	Asia Wealth	Mr. Lee Deng Charng	Mr. Lee Yat Ming
Name of the Agreement(s) and/or Document(s) in relation to the Pre-IPO Investments	Wan Yong Subscription Agreement Wan Yong – Joint Smart Share Transfer Agreement Mao Jia – Joint Smart Share Transfer Agreement	Mao Jia – VMI Share Transfer Document VMI Subscription Agreement VMI Supplemental Deed	Mao Jia – Kun Peng Share Transfer Agreement God of Stocks – Kun Peng Share Transfer Agreement	Mao Jia – Asia Wealth Share Transfer Agreement	DowCapital – DC Share Transfer Document	DowCapital – YM Share Transfer Document
Date of the Agreement(s)/ Documents	Wan Yong Subscription Agreement: 21 May 2015 Wan Yong – Joint Smart Share Transfer Agreement: 23 September 2015 Mao Jia – Joint Smart Share Transfer Agreement: 23 September 2015	Mao Jia – VMI Share Transfer Document: 21 November 2016 VMI Subscription Agreement: 24 November 2016 VMI Supplemental Deed: 21 September 2017	Mao Jia – Kun Peng Share Transfer Agreement: 12 December 2016 God of Stocks – Kun Peng Share Transfer Agreement: 13 May 2017	30 March 2017	14 September 2017	14 September 2017
Date of share transfer/ allotment	Wan Yong Subscription Agreement: 21 May 2015 Wan Yong – Joint Smart Share Transfer Agreement: 23 September 2015 Mao Jia – Joint Smart Share Transfer Agreement: 23 September 2015	Mao Jia – VMI Share Transfer Document: 21 November 2016 VMI Subscription Agreement: 30 December 2016	Mao Jia – Kun Peng Share Transfer Agreement: 29 December 2016 God of Stocks – Kun Peng Share Transfer Agreement: 13 May 2017	21 April 2017	14 September 2017	14 September 2017

HISTORY, REORGANISATION AND DEVELOPMENT

Name of Pre-IPO Investor	Joint Smart ^(Note 1)	VMI	Kun Peng	Asia Wealth	Mr. Lee Deng Charng	Mr. Lee Yat Ming
Number of shares of TradeBook Global acquired or subscribed	Wan Yong Subscription Agreement: 5,000 Wan Yong – Joint Smart Share Transfer Agreement: 5,000 Mao Jia – Joint Smart Share Transfer Agreement: 3,000 Total: 8,000	Mao Jia – VMI Share Transfer Document: 2,849 VMI Subscription Agreement: 5,698 Total: 8,547	Mao Jia – Kun Peng Share Transfer Agreement: 1,282 God of Stocks – Kun Peng Share Transfer Agreement: 1,282 Total: 2,564	2,279	450	450
Number of Shares held upon completion of Reorganisation and Capitalisation Issue	52,650,053	56,250,000	16,874,342	14,998,684	2,961,565	2,961,565
Amount of consideration paid	Wan Yong Subscription Agreement: HK\$12,390,000, being the equivalent of RMB10,000,000 in HKD Wan Yong – Joint Smart Share Transfer Agreement: N/A Mao Jia – Joint Smart Share Transfer Agreement: RMB6,000,000 Total: equivalent of RMB16,000,000	Mao Jia – VMI Share Transfer Document: HK\$2,280,000 VMI Subscription Agreement: HK\$22,719,620, being the equivalent of RMB20,000,000 Total: HK\$24,999,620	Mao Jia – Kun Peng Share Transfer Agreement: HK\$6,000,000 God of Stocks – Kun Peng Share Transfer Agreement: HK\$7,610,000, being the equivalent of RMB6,750,000 Total: HK\$13,610,000	HK\$13,500,000, being the equivalent of RMB12,000,000	HK\$900,000, being the equivalent of RMB750,000 in HKD	HK\$900,000, being the equivalent of RMB750,000 in HKD
Cost per Share paid by each Pre-IPO Investor ^(Note 2)	Approximately HK\$0.37, being the equivalent of RMB0.30	Approximately HK\$0.44, being the equivalent of RMB0.39	Approximately HK\$0.81, being the equivalent of RMB0.70	Approximately HK\$0.90, being the equivalent of RMB0.80	Approximately HK\$0.30, being the equivalent of RMB0.25	Approximately HK\$0.30, being the equivalent of RMB0.25

HISTORY, REORGANISATION AND DEVELOPMENT

Name of Pre-IPO Investor	Joint Smart ^(Note 1)	VMI	Kun Peng	Asia Wealth	Mr. Lee Deng Charng	Mr. Lee Yat Ming
Date on which the consideration for the relevant Pre-IPO Investment was fully settled	Wan Yong Subscription Agreement: 20 May 2015 Wan Yong – Joint Smart Share Transfer Agreement: N/A Mao Jia – Joint Smart Share Transfer Agreement: 19 October 2015	Mao Jia – VMI Share Transfer Document: 21 November 2016 VMI Subscription Agreement: 28 December 2016	Mao Jia – Kun Peng Share Transfer Agreement: 18 September 2017 God of Stocks – Kun Peng Share Transfer Agreement: 15 May 2017	24 April 2017	14 September 2017	14 September 2017
Discount to the Offer Price	Approximately 48.44%	Approximately 38.27%	No discount	No discount	Approximately 57.79%	Approximately 57.79%
Use of Proceeds from the Pre-IPO Investments	Wan Yong Subscription Agreement: as part of consideration for acquiring the entire issued share capital of Tele-Trend Konson Wan Yong – Joint Smart Share Transfer Agreement: N/A Mao Jia – Joint Smart Share Transfer Agreement: N/A	Mao Jia – VMI Share Transfer Document: N/A VMI Subscription Agreement: for acquiring the entire issued share capital of Tele-Trend Konson or working capital.	N/A	N/A	N/A	N/A
Whether proceeds fully utilised	Wan Yong Subscription Agreement: yes Wan Yong – Joint Smart Share Transfer Agreement: N/A Mao Jia – Joint Smart Share Transfer Agreement: N/A	Mao Jia – VMI Share Transfer Document: Not applicable. VMI Subscription Agreement: yes	N/A	N/A	N/A	N/A

HISTORY, REORGANISATION AND DEVELOPMENT

Name of Pre-IPO Investor	Joint Smart ^(Note 1)	VMI	Kun Peng	Asia Wealth	Mr. Lee Deng Charng	Mr. Lee Yat Ming
Lock-up	Commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date	N/A	N/A	Commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date	Commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date	Commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date
Shareholding in our Company upon Listing (assuming Offer Size Adjustment Option is not exercised)	10.53%	11.25%	3.37%	3.00%	0.59%	0.59%
Strategic benefits of the Pre-IPO Investors brought to our Company	Strengthened capital; enhanced corporate governance; knowledge and experience in management, operations and development of business strategy	Strengthened capital; enhanced corporate governance; knowledge and experience in management, operations and development of business strategy	N/A	N/A	enhanced corporate governance; knowledge and experience in management, operations and development of business strategy	enhanced corporate governance; knowledge and experience in management, operations and development of business strategy

Notes:

- (1) On 23 September 2015, Mr. Wan Yong transferred 5,000 shares of TradeBook Global held by him to Joint Smart, a company then wholly owned by him, at nominal consideration. Reference to Wan Yong Subscription Agreement is included in this table to facilitate more comprehensive understanding.
- (2) The translation of amounts denominated in Renminbi in Hong Kong dollars is for illustration purpose only, and vice versa.

HISTORY, REORGANISATION AND DEVELOPMENT

Rights of the Pre-IPO Investors

In addition to the terms describe above, certain Pre-IPO Investors have been granted certain special rights. Set out below is a summary of the principal special rights granted to VMI and Kun Peng:

Veto rights:

VMI Subscription Agreement:

Certain corporate actions require the approval of VMI. These corporate actions include, among others, (i) amendment of the memorandum or articles of association or equivalent documents of any member company of our Group; (ii) winding-up or a petition for winding-up of any member company of our Group; (iii) payment of any dividends by any member company of our Group; (iv) issue of options, debentures and/or securities by any member company of our Group; and (v) any acts which will reduce the assets of any member company of our Group.

Redemption rights when Listing does not take place:

VMI Subscription Agreement:

In the event that TradeBook Global or any its subsidiaries fails to make listing application to HKEx or any other appropriate stock exchanges on or before 31 December 2017; or fails to list on the GEM or any other appropriate stock exchanges within 3 years after the completion date of VMI's subscription, VMI shall be entitled to require TradeBook Global and/or Mr. Liu Yong or any third parties designated by TradeBook Global to redeem all Shares held by VMI.

The redemption price shall be equal to the sum of (i) the investment amount which is RMB20,000,000 (or its equivalent in US dollars or Hong Kong dollars); (ii) all costs incurred by VMI in relation to the subscription; and (iii) the interest and unpaid dividends. The interest shall be calculated on the basis of an internal rate of return of 5% on the investment amount (including accrued unpaid dividends and other expenses) from the date of payment of the investment amount until the redemption price is fully paid. If the redemption price is fully paid within three years after the completion date of VMI's subscription, the redemption price shall not exceed RMB26,000,000 (or its equivalent in US dollars or Hong Kong dollars).

VMI shall be entitled but not obliged to sell all or part of Shares held by it to TradeBook Global and/or Mr. Liu Yong or any third parties designated by TradeBook Global, if TradeBook Global or any of its subsidiaries withdraws listing application or listing application is rejected or returned by the Stock Exchange or any other relevant stocks exchanges.

The consideration payable shall be calculated based on an internal rate of return of 15%.

Mao Jia – Kun Peng Share Transfer Agreement:

In the event that TradeBook Global, or any of its subsidiaries fails to make listing application to the Stock Exchange or any other appropriate stock exchanges on or before 31 December 2017; or fails to list on GEM or any other appropriate stock exchanges within three years after the completion date of God of Stocks' transfer, Kun Peng shall be entitled to require TradeBook Global and or any third parties designated by TradeBook Global to redeem 1,282 Shares held by Kun Peng.

HISTORY, REORGANISATION AND DEVELOPMENT

The redemption price shall be equal to (i) the investment amount which is HK\$6,000,000 (or equivalent amount of US dollars); (ii) all incurred cost relating to the transfer; and (iii) the interest and unpaid dividends. The interest shall be calculated on the basis of an internal rate of return of 5% on the investment amount (including accrued unpaid dividends and other expenses) from the date of payment of the consideration until the redemption price is fully paid.

Kun Peng shall be entitled but not obliged to sell all or part of 1,282 Shares held by Kung Peng to TradeBook Global or any third parties designated by TradeBook Global, if any of the following events occurs: (i) TradeBook Global or any of its subsidiaries fails to list on the GEM or any other appropriate stock exchanges within three years after the completion date of the transfer; (ii) TradeBook Global or any of its subsidiaries fails to make listing application to the Stock Exchange or any other appropriate stock exchanges on or before 31 December 2017 and; (iii) TradeBook Global or any of its subsidiaries withdraws listing application or listing application is rejected or returned by the Stock Exchange or any other relevant stock exchanges.

The consideration payable shall be calculated based on an internal rate of return of 18%.

Right of first refusal and tag-along rights:

VMI Subscription Agreement:

If any of the shareholders of TradeBook Global other than VMI has obtained shareholders' approval to transfer any shares in TradeBook Global, VMI shall have the following rights: (i) the right of first refusal to purchase all the offered shares; or (ii) the right to participate in such sale on a pro rata basis, on the same terms and conditions applicable to the proposed transfer.

Save as set out above, no Pre-IPO Investors enjoy any special rights under their respective subscription or transfer agreements. The aforesaid special rights were granted by either TradeBook Global or Mao Jia. All special rights set out above will be terminated upon Listing.

HISTORY, REORGANISATION AND DEVELOPMENT

Information on the Pre-IPO Investors

Mr. Wan Yong is the executive Director and compliance officer of our Company and a consultant of our Group. Please refer to the section headed “Directors and Senior Management” in this prospectus for further details of Mr. Wan Yong. Joint Smart is a company incorporated in the BVI with limited liability. Joint Smart is wholly owned by Mass Victory, and Mass Victory is owned as to 75% by Mr. Wan Yong and 25% by Mr. Du Tongzhou. Mr. Du Tongzhou is a consultant of our Group since May 2015.

VMI is a segregated portfolio fund under a segregated portfolio company incorporated in the Cayman Islands. VMI Capital Group Limited (previously known as VMI Capital Partners Limited) is the fund manager of VMI and all management shares of VMI is owned by VMI Capital Group Limited. VMI Capital Group Limited is wholly owned by Mr. Lin Hung Yuan, who is our non-executive Director. Please refer to the section headed “Directors and Senior Management” in this prospectus for further details of Mr. Lin Hung Yuan.

Kun Peng is a company incorporated in Hong Kong with limited liability and is wholly owned by Ms. Guan Yan. Kun Peng is engaged in investment holding activities. Save for its Pre-IPO Investment, Kun Peng and its beneficial owner do not have any other relationship with our Group or any connected persons of our Company.

Asia Wealth is a company incorporated in Hong Kong with limited liability and is wholly owned by Bright Options Limited, which is in turn owned by Mr. Miu Kin and Ms. Lu Ge as to 50% and 50%, respectively. Asia Wealth is engaged in professional training, wealth management and insurance management activities. Save for its Pre-IPO Investment, Asia Wealth and its beneficial owner do not have any other relationship with our Group or any connected persons of our Company.

Mr. Lee Deng Charng is a resident of Hong Kong, and the shareholder and director of DowCapital, a former shareholder of TradeBook Global. Save for his Pre-IPO Investment, he has no relationship with our Group or any connected persons of our Company.

Mr. Lee Yat Ming is a resident of Hong Kong, and the shareholder and director of DowCapital, a former shareholder of TradeBook Global. Save for his Pre-IPO Investment, he has no relationship with our Group or any connected persons of our Company.

Public Float

Since Joint Smart and VMI will be holding more than 10% of the total issued share capital of our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), each of Joint Smart and VMI will be a substantial shareholder of our Company. Further, Joint Smart and VMI are the associates of Mr. Wan Yong and Mr. Lin Hung Yuan, respectively. As both Mr. Wan Yong and Mr. Lin Hung Yuan are our Directors, Joint Smart and VMI will become our connected persons upon Listing. Accordingly, all Shares held by Joint Smart and VMI shall not be counted towards the public float after Listing for the purpose of Rule 11.23(7) of the GEM Listing Rules.

HISTORY, REORGANISATION AND DEVELOPMENT

Save for Joint Smart and VMI, our Directors confirmed that all the Pre-IPO Investors are not our connected persons. Accordingly, the Shares held by Kun Peng, Asia Wealth, Mr. Lee Deng Charng and Mr. Lee Yat Ming will form part of our Company's public float upon Listing for the purpose of Rule 11.23 of the Gem Listing Rules.

Compliance with Interim Guidance and Guidance Letters:

The Sole Sponsor considers that the investments by the Pre-IPO Investors are in compliance with the Guidance Letter HKEx-GL29-12 issued in January 2012 and updated in March 2017, the Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in March 2017 and the Guidance Letter HKEx-GL44-12 issued in October 2012 and updated in March 2017 on the basis that: (i) while some of the Pre-IPO Investments were completed within 28 clear days before the date of the first submission of the first listing application form (the "First Filing") and the relevant Pre-IPO Investors remain as Shareholders at the First Filing, the Listing would be more than 120 days from the completion of the last Pre-IPO investments; and (ii) all special rights granted to the Pre-IPO Investors would be terminated upon Listing.

Lock-up undertaking from the Pre-IPO Investors

Each of Joint Smart, Asia Wealth, Mr. Lee Deng Charng and Mr. Lee Yat Ming has undertaken to our Company that it/he will not, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this 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 in respect of which it/he is shown by this prospectus to be the beneficial owner.

OWNERSHIP CONTINUITY

Tele-Trend Konson

As at 1 April 2016, Tele-Trend Konson was owned as to 65.8% by TradeBook Global and 34.2% by Tele-Trend Limited respectively. On 22 December 2016, Tele-Trend Limited transferred its remaining 34.2% shareholding in Tele-Trend Konson to TradeBook Global. Although Tele-Trend Limited ceased to be a shareholder of Tele-Trend Konson in 2016, our Directors are of the view that the requirement on continuity in ownership and control throughout the full financial year immediately preceding the issue of this prospectus and up to the date of Listing under Rule 11.12A(2) of the GEM Listing Rules is fulfilled because of the following reasons:

- (a) On 16 July 2015, the then shareholders of Tele-Trend Konson, namely Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu (collectively, the "Vendors") entered into an agreement with TradeBook Global to transfer all their shareholding in Tele-Trend Konson to TradeBook Global.

HISTORY, REORGANISATION AND DEVELOPMENT

- (b) As confirmed by our Directors, the disposal of the entire interest in Tele-Trend Konson from the Vendors to TradeBook Global took two stages, being 65.8% on 27 July 2015 and 34.2% on 22 December 2016, to complete merely because TradeBook Global needed to arrange the funds required to complete the acquisition.
- (c) On 27 July 2015, TradeBook Global nominated Mr. Wan Yong and Mr. Liao Jicheng as directors of Tele-Trend Konson, resulting in four out of the six members of the board of directors of Tele-Trend Konson being representatives of TradeBook Global. Therefore, TradeBook Global had controlled the composition of a majority of the board of directors of Tele-Trend Konson since 27 July 2015.
- (d) Pursuant to the share transfer agreement executed on 16 July 2015, Tele-Trend Limited agreed to restrict its power in controlling Tele-Trend Konson and, save with the prior written consent of TradeBook Global and as in the ordinary course of business, was prohibited from authorising or procuring Tele-Trend Konson to, among other things: (i) amend the articles of association of Tele-Trend Konson; (ii) wind up Tele-Trend Konson; (iii) issue shares or other security interest; (iv) conduct any acquisition, merger or restructuring; (v) sell any major property, business or assets; (vi) declare or pay any dividend; (vii) initiate any litigation or enter into any settlement; (viii) waive any material liability of debtors; and (ix) make any material changes to the terms of employment of the directors, senior employees and employees of Tele-Trend Konson and its subsidiaries.

Mao Jia

Throughout the most recent financial year and up to the date of Listing, Mao Jia was the controlling shareholder of our Group. As at 1 April 2016, Mao Jia was owned as to 60% by Mr. Liu Yong and 40% by Mr. Liu Zhenyu, respectively. Mr. Liu Zhenyu ceased to be a shareholder of Mao Jia when he transferred his equity interest in Mao Jia, being 27% in December 2016 and remaining 13% in February 2017, to Mr. Liu Yong. As confirmed by Mr. Liu Zhenyu, he suffered from deteriorating health conditions and thus wished to divest his entire interest in Mao Jia. Our Directors are of the view that the departure of Mr. Liu Zhenyu as a shareholder of Mao Jia would not affect ownership continuity and control of our Group for the following reasons: (i) Mr. Liu Zhenyu verbally agreed to divest his entire interest in Mao Jia to Mr. Liu Yong in or around late 2015 and further executed a declaration of trust dated 15 January 2016 in relation to his entire interest in Mao Jia; (ii) Mr. Liu Zhenyu has ceased to be involved in our Group's operations and management since late 2015; and (iii) Mr. Liu Yong has all along been the sole controller of Mao Jia.

Xin Cheng

Although Xin Cheng held a non-controlling shareholding interest in our Company, being 22.50% as at 1 April 2016 and approximately 19.74% as at the Latest Practicable Date, and is expected to hold 14.81% interest in our Company upon Listing (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option

HISTORY, REORGANISATION AND DEVELOPMENT

and any options which may be granted under the Share Option Scheme), Xin Cheng is deemed to be a controlling shareholder of our Company as Xin Cheng was and is a close associate of Mao Jia and Mr. Liu Yong (given that Mr. Liu Yong was and is able to exercise not less than 30% voting power in both Mao Jia and Xin Cheng).

Xin Cheng was incorporated for the purpose of setting aside a pool of equity interests as an incentive scheme for the benefit of the employees and consultants of our Group. On 16 July 2015, certain rights representing approximately 59.50% shareholding interests in Xin Cheng were granted to certain employees and consultants subject to certain clawback provisions and vesting conditions. The remaining 40.50% interest in Xin Cheng was beneficially owned by Mr. Liu Yong, as confirmed by the then trustees of the Pre-IPO Equity Interest Incentive Scheme. During the period from July 2015 to October 2016, three employees left our Group before their vesting conditions were satisfied and their aggregate entitlements, representing approximately 5.80% shareholding interests in Xin Cheng, were forfeited and transferred to Mr. Liu Yong. As a result, Mr. Liu Yong's beneficial interest in Xin Cheng was increased to 46.3%. Each of these employees or consultants did not hold over 10% shareholding interest in Xin Cheng.

Although the aforesaid employees and consultants hold their interest in our Company via a common special purpose vehicle, namely Xin Cheng, they should not be deemed as controlling shareholders of our Company because Xin Cheng was established solely for implementing the Pre-IPO Equity Interest Incentive Scheme for the employees and consultants of our Group in recognition of their services and contributions without causing any negative impact on the cash flows of our Group. Therefore, the grant and forfeiture of rights in Xin Cheng to the employees and consultants of our Group should not be regarded as changes in continuity of ownership and control. For further details of the Pre-IPO Equity Interest Incentive Scheme, please refer to Note 21 to Appendix I in this prospectus.

OUR SHAREHOLDERS

Our Shareholders as at the Latest Practicable Date

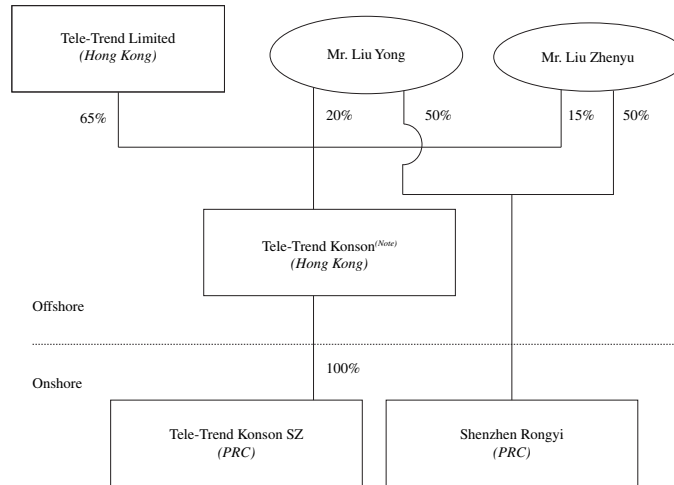
The following table sets out the shareholding of our Shareholders as at the Latest Practicable Date:-

	Number of Shares held	Approximate Percentage of Shareholding
Mao Jia	234,400	41.14%
Xin Cheng	112,500	19.74%
VMI	85,470	15.00%
Joint Smart	80,000	14.04%
Kun Peng	25,640	4.50%
Asia Wealth	22,790	4.00%
Mr. Lee Deng Charng	4,500	0.79%
Mr. Lee Yat Ming	4,500	0.79%
	569,800	100%

HISTORY, REORGANISATION AND DEVELOPMENT

REORGANISATION

Set out below is the shareholding structure of our Group immediately prior to the Reorganisation:



Note: Pursuant to an employee share ownership scheme, Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, declared 860, 80 and 60 shares of Tele-Trend Konson registered under their respective names (1,000 shares of Tele-Trend Konson in total, representing 10% of the then entire issued share capital of Tele-Trend Konson) as trust shares which they, in the capacity of trustees, held the said shares on trust for and on behalf of the beneficiaries under the employee share ownership scheme. The said employee share ownership scheme was terminated on 16 July 2015.

In anticipation of our Listing, we underwent the Reorganisation pursuant to which our Company became the holding company and listing vehicle of our Group.

(A) Establishing TradeBook Global as Offshore Holding Company

On 21 April 2015, TradeBook Global was incorporated in the BVI with limited liabilities with an authorised share capital of US\$500 divided into 50,000 shares of one class with a par value of US\$0.01 each. 10,000 fully paid ordinary share, representing the entire issued share capital of TradeBook Global, was allotted and issued to Mr. Liu Yong on 21 April 2015.

As at 21 May 2015 and upon completion of certain share transfers and allotments, the details of which are more particularly set out in the section headed “History, Reorganisation and Development – Our Shareholders” in this section, TradeBook Global was owned as to 65.7%, 22.5%, 1.8% and 10.0% by Mao Jia, Xin Cheng, DowCapital, and Mr. Wan Yong, respectively.

(B) Acquisition of Hong Kong and PRC Entities

- (1) On 16 July 2015, Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, as vendors, and TradeBook Global, as purchaser, entered into a sale and purchase agreement, pursuant to which TradeBook Global acquired the entire share capital in Tele-Trend

HISTORY, REORGANISATION AND DEVELOPMENT

Limited to be completed in two stages. Details of the acquisition are set out in the section headed “History, Reorganisation and Development – Our Major Operating Subsidiary in Hong Kong” in this prospectus.

- (2) On 21 March 2016, Mr. Liu Yong, Mr. Liu Zhenyu and Tele-Trend Konson SZ entered into an equity transfer agreement, pursuant to which, Mr. Liu Yong and Mr. Liu Zhenyu transferred their respective 50% equity interest in Shenzhen Rongyi to Tele-Trend Konson SZ for the consideration of RMB150,000 and RMB150,000, respectively. Details of the equity transfer are set out in the section headed “History, Reorganisation and Development – Our Major Operating Subsidiaries in PRC” in this prospectus.
- (3) On 15 August 2016, Shenzhen Rongyi, Mr. Liu Yong, and Shenzhen City Road Show China Internet Technology Co. Ltd.* (深圳市路演中網絡科技有限公司) entered into an equity transfer agreement, pursuant to which, Shenzhen City Road Show China Internet Technology Co. Ltd.* (深圳市路演中網絡科技有限公司) transferred its equity interest in Qianhai Xinfeng to Shenzhen Rongyi and Mr. Liu Yong for the consideration of RMB1 and RMB1, respectively. Upon completion of the transfer, Qianhai Xinfeng was owned as to 99% by Shenzhen Rongyi and 1% by Mr. Liu Yong.
- (4) On 2 March 2017, Shenzhen Rongyi and Mr. Liu Yong entered into an equity transfer agreement, pursuant to which Mr. Liu Yong transferred his equity interest in Qianhai Xinfeng to Shenzhen Rongyi for the consideration of RMB1. Upon completion of the transfer, Qianhai Xinfeng became a wholly-owned subsidiary of Shenzhen Rongyi.

(C) Establishing our Company and Power Mind as Offshore Holding Companies

- (1) Our Company was incorporated in the Cayman Islands on 15 June 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One nil-paid Share was allotted and issued to the initial subscriber and transferred to TradeBook Global on 15 June 2017.
- (2) On 2 June 2017, Power Mind was incorporated in the BVI with limited liabilities with an authorised share capital of US\$50,000 divided into 50,000 shares of one class with a par value of US\$1.00 each. One fully paid ordinary share, representing the entire issued share capital of Power Mind, was allotted and issued to our Company on 23 June 2017.

(D) Acquisition of Tele-Trend Konson by our Company from TradeBook Global

On 21 August 2017, TradeBook Global (as vendor), Mr. Liu Yong (as warrantor) and Power Mind (as purchaser) entered into a sale and purchase agreement, pursuant to which Power Mind acquired 20,000 shares in Tele-Trend Konson, representing its then entire issued

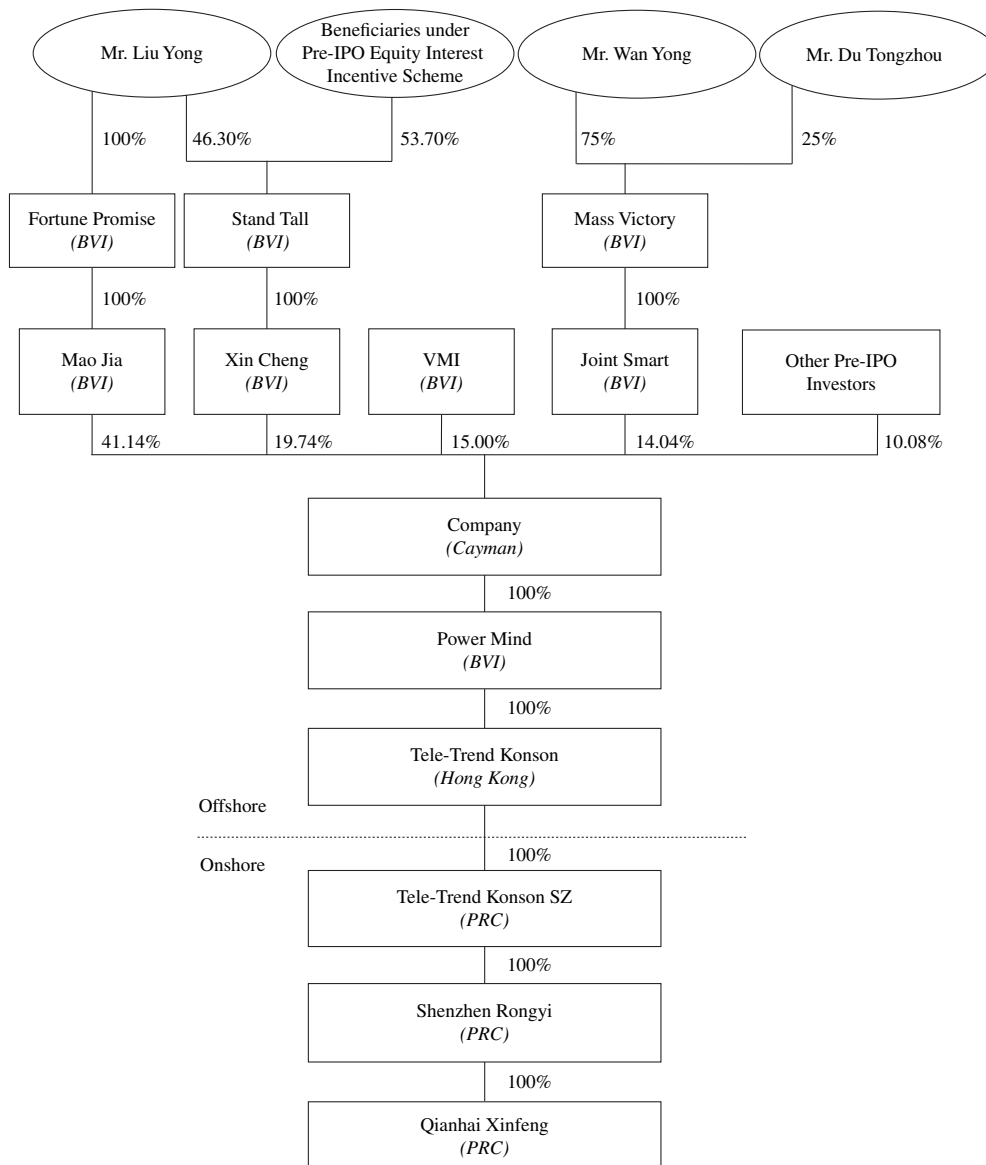
HISTORY, REORGANISATION AND DEVELOPMENT

share capital, and in consideration thereof, (i) 1 nil-paid Share held by TradeBook Global was credited as fully-paid; and (ii) 569,799 Shares were issued and allotted to TradeBook Global, all credited as fully-paid. Upon completion of the aforesaid acquisition, Tele-Trend Konson became a wholly-owned subsidiary of our Company.

(E) Distribution of Shares by TradeBook Global by way of Distribution in Specie

On 21 September 2017, TradeBook Global declared and distributed an aggregate of 569,800 Shares to our Shareholders as at 21 September 2017 by way of distribution in specie. Upon completion of the distribution, our Company was owned as to 41.14%, 19.74%, 15.00%, 14.04%, 4.50%, 4.00%, 0.79% and 0.79% by Mao Jia, Xin Cheng, VMI, Joint Smart, Kun Peng, Asia Wealth, Mr. Lee Deng Charng and Mr. Lee Yat Ming, respectively.

Set out below is the shareholding structure of our Group immediately following completion of the Reorganisation:

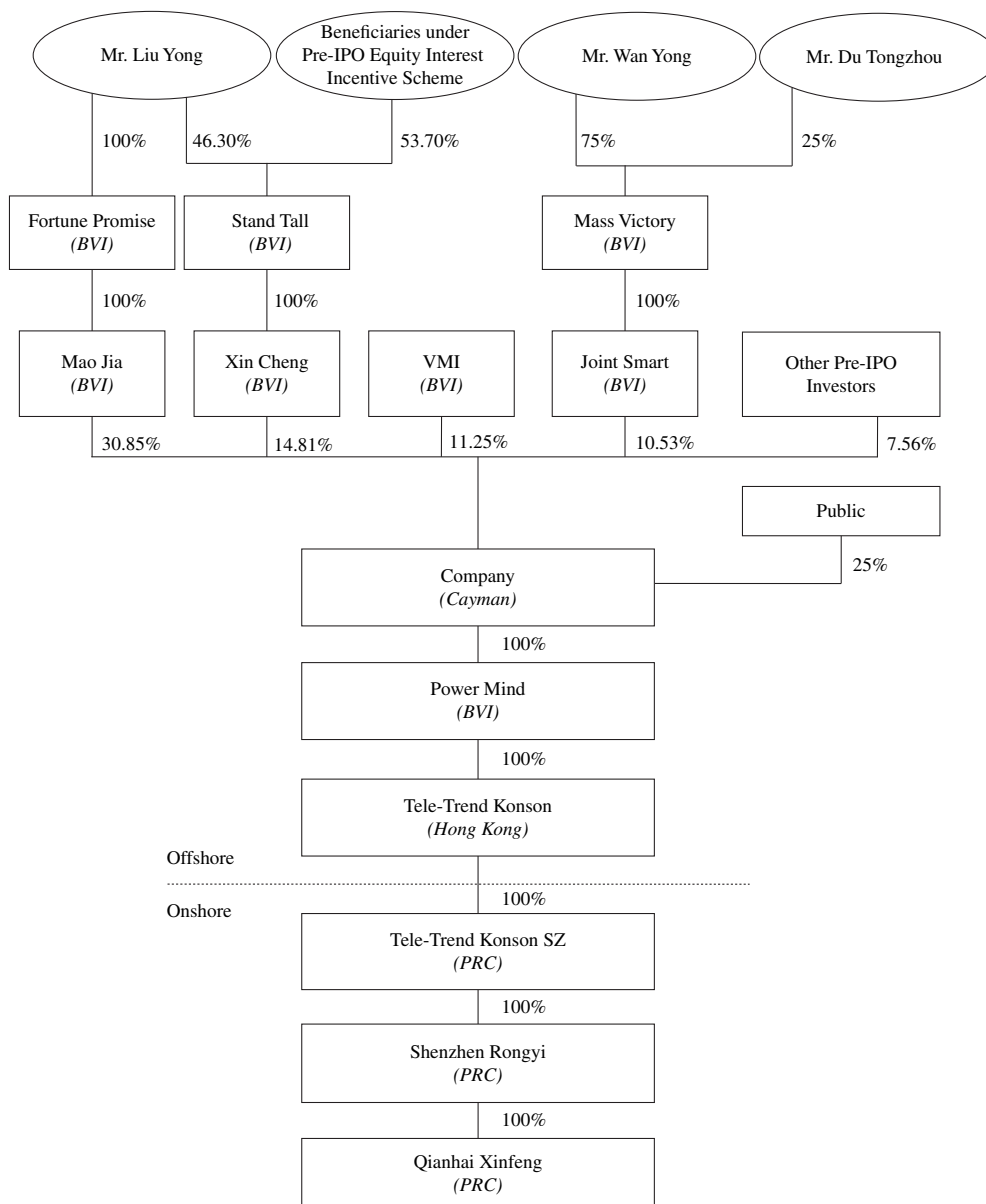


HISTORY, REORGANISATION AND DEVELOPMENT

CAPITALISATION AND SHARE OFFER

Our Company will issue 499,430,200 new Shares under the Listing, and certain new Shares to the existing Shareholders pursuant to the Capitalisation Issue, resulting in not less than 25% of the enlarged issued share capital of our Company being offered under the Share Offer.

Set out below is the shareholding structure of our Group immediately after the completion of the Capitalisation Issue and Share Offer (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme):



HISTORY, REORGANISATION AND DEVELOPMENT

PRC REGULATORY ISSUES RELATING TO THE REORGANISATION AND THE LISTING

THE RULES ON THE MERGERS AND ACQUISITIONS OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS IN CHINA

Clause 11 of The Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) regulates “affiliated mergers”. Where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from MOFCOM is required.

Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》) promulgated by MOFCOM in December 2008, notwithstanding the fact that (i) the domestic shareholder is connected with the foreign investor or not; or (ii) the foreign investor is the existing shareholder or a new investor, the M&A Rules shall not apply to the transfer of an equity interest in a foreign-invested enterprise (“**FIE**”) from the domestic shareholder to the foreign investor. On the basis that Tele-Trend Konson SZ has become a FIE since its establishment, the legal nature of the transfer to Tele-Trend Konson of 100% equity interest in Tele-Trend Konson SZ formerly held by Tele-Trend Limited and Shenzhen Rongyi was a transfer of an equity interest in a FIE rather than mergers and acquisitions of a domestic enterprise (內資企業) as defined in the M&A Rules. Therefore, the acquisition of 100% equity interest in Tele-Trend Konson SZ by Tele-Trend Konson did not fall under the M&A Rules and instead falls under the Provisions for the Alteration of Investors’ Equities in Foreign Invested Enterprises (《外商投資企業投資者股權變更的若干規定》).

SAFE REGISTRATION IN CHINA

Pursuant to the Foreign Exchange Administration over the Overseas Investment, and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles was promulgated (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**Circular 37**”), PRC Residents must register with the local branch of SAFE before they contribute assets or equity interests in an overseas special purpose vehicle, which is directly established or indirectly controlled by the PRC Residents for the purpose of overseas investment or financing.

All of our applicable shareholders, namely, Mr. Liu Yong, Mr. Wan Yong, Mr. Du Tongzhou, Mr. Zeng Zhong, Mr. Duan Zhengren, Mr. Jiang Junlin, Mr. Liao Jicheng, Mr. Yan Changkai, Mr. Zhang Wenhua and Mr. Zhuang Wenxiao, completed their respective registration as prescribed under the Circular 37 in June 2017.

OVERVIEW

We are one of the leading integrated securities trading platform service providers serving primarily Hong Kong Brokerage Firms and their clients. Our Hong Kong Brokerage Firm customers are all Category B and Category C Exchange Participants. Our integrated securities trading platform services mainly consist of front office trading system services, market data services and value-added services. Leveraging the proprietary software we have developed, modified and enhanced over the course of the years, we consider ourselves a market pioneer in providing front office trading system services and market data services to Hong Kong Brokerage Firms through an integrated model. Among the Hong Kong Brokerage Firms, we have a market share of 2.2% in PRC Background Brokerage Firms in Hong Kong in terms of revenue for the year ended 31 March 2018. According to the Frost & Sullivan Report, 30 out of 50, or 60.0% of the PRC Background Brokerage Firms in Hong Kong subscribed our securities trading platform services as at 31 March 2018, which accounted for 34.9% of our total 86 institutional customers at that time. Moreover, we ranked the 5th among non-MNC players in the securities trading platform service market in Hong Kong in terms of revenue for the year ended 31 March 2018. According to the same source, the number of Hong Kong Brokerage Firms has experienced a steady growth in the past few years, increasing by 313 from 934 as at 31 December 2012 to 1,247 as at 31 December 2017 in the five-year period and there is an increasing number of brokerage firms to offer online trading services to their clients. We believe that we are well positioned to capture this growth trend to further increase our market share in satisfying the Hong Kong Brokerage Firms' need of integrated front office trading system services and market data services.

Our mission is to support investors and financial intermediaries by providing the best tools and platforms to access real-time market data and execute trades anywhere in the world through all mainstream channels. Since our inception in 2011, we have been committed to developing and providing integrated securities trading platform services. Our main services can be classified into three categories, namely (i) front office trading system services; (ii) market data services; and (iii) value-added services, such as simulation trading platform services, online account opening appointment services and cloud infrastructure services. Our services are primarily delivered through the securities trading platform software developed by us, being the client software and delivery channel of our major services, such as *TradeGo* and *TradeGo Pro*.

Our customers and end users can access the securities trading platforms software developed by us through a diversified range of channels consisting of major operating systems and platforms, including Microsoft Windows, Mac OS, Android, iOS and Web browsers. According to the Frost & Sullivan Report, we are a market leader in terms of the coverage range of supported operating systems and platforms for securities trading platform software among the five largest non-MNC securities trading platform service providers in Hong Kong in terms of revenue for the year ended 31 March 2018. Our front office trading system services support trading of a variety of financial instruments, including stocks, ETFs, futures, options, warrants and derivatives. We also hold market data vendor licences from five stock and future exchanges, namely the Hong Kong Stock Exchange, the Hong Kong Futures Exchange, the

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Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ, and provide a wide range of real-time market data feeds from these exchanges through the securities trading platform software developed by us.

Leveraging our in-depth experience and strong research and development capabilities in the securities trading platform service market, we have rolled out various innovative securities trading platforms services with market data feeds tailored for our customers' needs. We launched *TradeGo Pro* in 2014, which is an open securities trading platform offering access to brokerage firms and investors through a diversified range of operating systems and platforms and enabling brokerage firms to provide financial services to investors. The launch and operation of *TradeGo Pro* has helped improve our brand awareness and product offerings. In addition, in quick response to the launch of Shanghai-Hong Kong Stock Connect in 2014 and Shenzhen-Hong Kong Stock Connect in 2016, we upgraded our front office trading system services to support the cross-border trading in November 2014 and December 2016, respectively. Further, in response to the mutual market access arrangements between the PRC and Hong Kong, we won the public tenders by Shanghai Stock Exchange and Shenzhen Stock Exchange in 2014 and 2016 respectively and become their exclusive service provider to provide the Hong Kong Stock Connect Simulated Trading Platform (港股通模擬交易平台) for investor education purpose. We believe winning such tenders is a good testament to the market recognition of our service quality and strong technical capability. Going forward, we plan to capitalise on our market knowledge and research and development capabilities to enhance the performance of our front office trading system services, expand our market data services and value-added services offerings and upgrade our hardware infrastructure to support the contemplated growth in the needs of our customers and end users.

We primarily offer services to Hong Kong Brokerage Firms, with a focus on the PRC Background Brokerage Firms in Hong Kong. As at 31 March 2018, our customer base included 86 institutional customers, 78 of which were Hong Kong Brokerage Firms and the remaining institutional customers included Tele-Trend Limited, a stock exchange and six financial information providers. We have maintained well-established and stable relationships with our institutional customers and achieved a customer retention rate of 98.2%, 91.5% and 95.6%, respectively, among our institutional customers in the years ended 31 March 2016, 2017 and 2018. Our major suppliers include (i) market data suppliers, which license and/or provide market data of various exchanges; and (ii) cloud infrastructure providers, which provide us cloud infrastructure to support the operation of our service system.

During the Track Record Period, we derived a majority of our revenue through the provision of front office trading system services and market data services subscribed by our institutional customers. For the years ended 31 March 2016, 2017 and 2018, the aggregate revenue derived from our front office trading system services and market data services contributed to 90.3%, 78.0% and 84.3%, respectively, of our total revenue. Our revenue increased from HK\$33.3 million for the year ended 31 March 2016 to HK\$40.4 million for the year ended 31 March 2017 and to HK\$43.2 million for the year ended 31 March 2018, representing a CAGR of 13.9%, far outpacing the overall industry growth. Our adjusted profit for the year was HK\$7.6 million, HK\$9.5 million and HK\$6.1 million, respectively, for the years ended 31 March 2016, 2017 and 2018.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths are important to our success and will continue to contribute to our growth:

Our in-depth experience in providing integrated front office trading system services and market data services

As a securities trading platform service provider, we have devoted our resources in developing securities trading platform software with a specialised focus on the provision of integrated front office trading system services and market data services to Hong Kong Brokerage Firms since our establishment in 2010. We began our business operations in 2010 and rolled out our first securities trading platform software *Hong Kong Stock Express* (港股快車) on PC that year. During the course of the years, we have developed and launched a number of securities trading platform software through which we provided front office trading system services and market data services to customers. Our front office trading system services enable the clients of our brokerage firm customers to trade a large variety of financial instruments, including a diversified portfolio of securities and derivatives, on multiple exchanges around the world. Our market data feeds provide reliable access to market data sources in Hong Kong, the PRC and the U.S., covering listed and OTC securities and derivatives. As at the Latest Practicable Date, through our market data services, our customers and end users have access to consolidated real-time and/or delayed financial data from five stock and future exchanges with which we have applied and maintained market data vendor licences. Please refer to the section headed “Business – Our Services – Market Data Services – Service Coverage and Licences” for more information.

Our integrated business model of providing front office trading system and market data services on one securities trading platform has enabled the clients of our brokerage firm customers to have convenient access to these services in one stop, effectively enhancing the user experience of our services. For details to our business milestones, please refer to the section headed “History, Reorganisation and Development – Business Development – Overview” in this prospectus.

Securities trading platform services accessible through diversified channels and cross-border cloud infrastructure

As a result of our focused development, we have accumulated in-depth experience and knowledge to develop integrated front office trading system services and market data services available on various operating systems and platforms. As at the Latest Practicable Date, our major securities trading platform software, namely *TradeGo*, *TradeGo Pro*, *Hong Kong Stock Express* and *Global Express*, were available on a number of major operating systems and platforms, including Microsoft Windows, Mac OS, Android, iOS and/or Web browsers. According to the Frost & Sullivan Report, we are a market leader in terms of the coverage range of supported operating systems and platforms for securities trading platform software among the five largest non-MNC securities trading platform service providers in Hong Kong

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in terms of revenue for the year ended 31 March 2018. In addition, according to the same source, we were one of the two securities trading platform service providers in Hong Kong which rolled out the Mac OS version of securities trading platform software as at 31 March 2018. The following table sets forth the supported operating systems and platforms of our securities trading platform software as at the Latest Practicable Date, which has demonstrated the multi-channel and system accessibility of our securities trading platform software:

Securities Trading Platform Software	Launch Time	Supported Operating Systems and Platforms
<i>Hong Kong Stock Express</i>	November 2010	Microsoft Windows, Android, iOS and Web browsers
<i>Global Express</i>	March 2013	Microsoft Windows, Android, iOS and Web browsers
<i>TradeGo</i>	October 2014	Microsoft Windows, Android, iOS and Web browsers
<i>TradeGo Pro</i>	October 2014	Microsoft Windows, Mac OS, Android, iOS and Web browsers

Our Directors expect that the expanded accessibility of our integrated front office trading system and market data services will create new business opportunities with extra customers, end users and revenue. For detailed information on our securities trading platform software, please refer to the section headed “Business – Our securities trading platform software” in this section.

We have established a reliable cross-border hardware infrastructure system to fulfil the data transmission, storage and computing needs of our securities trading platform services. In order to optimise the reliability, efficiency and scalability of our cross-border hardware infrastructure layout, we have deployed proprietary cloud servers operated by experienced and knowledgeable cloud-computing operators in the PRC and Hong Kong. In addition to using public network to transmit certain data, data flow between our proprietary cloud infrastructure in the PRC and Hong Kong is transmitted through local and cross-border DDN leased line which are dedicated entirely to our business. We believe that our infrastructure layout provides a great level of control and security that meets the requirement of our business operations.

Our long-standing, stable and continuously growing customer base

As one of the leading service providers providing securities trading platform services to Hong Kong Brokerage Firms, we have long-standing relationships with a steady institutional customer base which consists of Category B and Category C Exchange Participants. As at 31 March 2018, we had a customer base of 86 institutional customers, 78 of which were Hong Kong Brokerage Firms and the remaining institutional customers included Tele-Trend Limited, a stock exchange and six financial information providers.

In recent years, the number of Hong Kong Brokerage Firms has experienced a steady growth, increasing by 313 in the five-year period, from 934 as at 31 December 2012 to 1,247 as at 31 December 2017. According to the Frost & Sullivan Report, it is anticipated that there will be an increasing number of Hong Kong Brokerage Firms offering online trading services to their clients. Thus, we believe most of the Hong Kong Brokerage Firms which opened for business in recent years or plan to open for business in the near future will have interests and demands for our integrated securities trading platform services and market data services. The continuously increasing base of brokerage firms offers us broad market opportunities for our business development.

We believe our services are compelling to small and medium-sized Hong Kong Brokerage Firms which are Category B and Category C Exchange Participants. These brokerage firms usually find the cost of developing proprietary securities trading platform software and deploying in-house front office trading system prohibitive and therefore prefer outsourcing their IT system to external service providers. Moreover, due to our long-term efforts on building the connection between the PRC investors and Hong Kong Brokerage Firms, we have an even more favourable market share among the PRC Background Brokerage Firms in Hong Kong, which we believe have a significant portion of PRC-based investor clients. According to the Frost & Sullivan Report, as at 31 March 2018, there was a total of 50 PRC Background Brokerage Firms in Hong Kong, and all of which were providing online trading service to their clients. As at the same date, 30, or 60% of the PRC Background Brokerage Firms in Hong Kong were our customers subscribing our securities trading platform services. Within our broad and diversified customer base, we do not rely on any of our customers for revenue generation during the Track Record Period.

We have established long-standing business relationships with our customers. As at 31 March 2018, we had maintained business relationships with our top five brokerage firm customers for approximately four to seven years. Our high-quality and innovative services and our continuously improving customer services have helped drive our continued success. Our Directors believe that with a large, recurring, long-standing and continuously growing base of customers, we will be able to continue to improve our economies of scale and realise business opportunities in the future.

Our strong and innovative research and development capabilities

We believe that we have strong research and development capabilities in commercialising innovative, practical and easy-to-use securities trading platform services. Our in-depth market knowledge and technological innovations enable us to introduce and enhance our front office trading system services and market data services which effectively and stably transmit cross-border trading data and roll out value-added services. According to the Frost & Sullivan Report, as at 31 March 2018, benefiting from our strong software development capabilities, we are able to connect our self-developed securities trading platform software to 10 out of total 16 third-party BSS vendors recognised by the Hong Kong Stock Exchange. Being one of the few securities trading platform service providers in Hong Kong offering such a wide BSS connectivity, we believe our front office trading system services have considerable competitive strength with respect to system compatibility and expandability.

Our research and development function is headed by our technical director, Mr. Zhang Wenhua. He has over 15 years of experience in the software industry. He is responsible for leading our research and development projects since our inception in 2011. Please refer to the section headed “Directors and Senior Management – Senior Management” in this prospectus for Mr. Zhang’s biographical details. Our research and development function consists of high-calibre and skilled staff member with extensive experience in their respective fields. As at 31 March 2018, we had 66 research and development staff of which all attained tertiary education and 60.6% majored in computer science, software engineering or electronics related majors. Our research and development function made up over a half of our total employees.

Apart from developing our front office trading system services and market data services that connect investors and brokerage firms in a safe, reliable and low-latency manner, we have been also devoted to the development of innovative, cutting-edge and value-added services to further enhance the user experience of our core services. For example, we officially launched the online account opening appointment services on 3 January 2017, which was within three months after the issuance of the SFC Circular “Advisory circular to intermediaries – Client identity verification in account opening process” on 24 October 2016 which provides further guidance on client identity verification through certification authorities outside Hong Kong. In 2013, we successfully developed and offered customised simulation trading platforms services, which enable brokerage firms to operate and run simulation stock trading competitions on the platforms. Due to our strong ability in developing simulation trading platforms services, we won the public tenders from Shanghai Stock Exchange and Shenzhen Stock Exchange to develop the Hong Kong Stock Connect Simulated Trading Platform (港股通模擬交易平台) for investor education purpose for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in 2014 and 2016 respectively. In February 2015, leveraging our success in the development of operation of simulation trading competitions and customised simulation trading platforms for different customers, we had further rolled out our self-operated simulation trading platform, *Global Simulation Exchanges* (環球虛擬交易所) on *TradeGo Pro*, which can be accessed through various channels. Our strong research and development capabilities allow us to consistently diversify our revenue source, maintain a balanced growth and respond to changing economy cycle and market conditions in a timely manner.

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Our dynamic and seasoned management team, dedicated employees and people-oriented corporate culture

Our experienced, visionary and passionate management team is instrumental to our success. Our Directors and senior management team are dedicated and adaptable to challenges and changing economic environment. Our management team, together with our employees, have created and maintained a people-oriented and loyal corporate culture for our Group. Our executive Directors and senior management team have joined our Group for an average of approximately six years. We have been dedicated to establishing employees' sense of belonging to our Group. Our executive Director, Mr. Liu Yong, together with the other Directors and senior management, lead the strategic direction and vision of our Group. Mr. Liu has more than 10 years of experience in the finance and information technology industries. Our executive Director, Mr. Wan Yong, has over 10 years of experience in the finance industry in the PRC and possesses in-depth understanding of the regulatory environment, the business operations and the market trend of brokerage firms from his work experience with various PRC securities firms. Other Directors and senior management team members also have extensive technical knowledge and possess well-developed practical skills and experience in key aspects of our business operations such as finance, software development and sales and marketing. The vision and the entrepreneurial spirit of our Directors and senior management team is integral to our brand building and business development, which has also played a crucial role in shaping our market reputation and business success. We believe that our stable and committed Directors and senior management team will contribute significantly to our future growth. Please refer to the section headed "Directors and Senior Management" in this prospectus for their biographical details.

While our Directors and senior management focus on identifying market opportunities and formulating business strategies, our dedicated and high calibre employees serve as the foundation of our business success. Our software development team, which comprises primarily the PRC software engineers, has sound knowledge of the PRC users' behaviours and preferences. Accordingly, our management team accumulates in-depth understanding of the cross-border securities trading platform service market from their solid work experience in the PRC and Hong Kong. By leveraging the synergistic collaboration between our PRC based software development team and our experienced management team, we are able to effectively realise our specialised business focus on serving and connecting PRC investors and Hong Kong Brokerage Firms. Our Directors believe that benefiting from our experienced management team, dedicated employees and people-oriented corporate culture, we will continue to capitalise on the industry experience, technical expertise and management skills of our staff members to successfully formulate and implement our business strategies in the industries we operate.

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BUSINESS STRATEGIES

Our goals are to continue to strengthen our current position as one of the leading securities trading platform service providers among non-MNC market players in Hong Kong. We intend to further implement the following strategies to achieve these goals:

Capitalise on industry growth trends and further expand our customer base

We are well positioned in the Hong Kong securities trading platform service market as one of the leading integrated front office trading system services and market data service provider serving primarily Hong Kong Brokerage Firms and investors in the Greater China Region. According to the Frost & Sullivan Report, the total number of Exchange Participants has increased from 550 by the end of 2012 to 654 as at 31 December 2017 among which Category B Exchange Participants are fixed to 51, and the number of Category C Exchange Participants has increased from 485 to 589 during the same period. We intend to capitalise on this growth trend by promoting our integrated securities trading platform services and market data services to these newly registered Category B Exchange Participants and Category C Exchange Participants. We believe our one-stop services could effectively reduce their cost and resources spending on developing, deploying and maintaining their own securities trading platforms.

We believe that those Category B Exchange Participants and Category C Exchange Participants which have not subscribed any securities trading platform services also have strong desires to launch readily available third-party online securities trading systems on subscription basis to achieve more stable and reliable operations. We believe there remains significant room for us to expand our customer base and increase our market share. We intend to leverage our experience and market-leading position to introduce our securities trading platform services to these customers with an aim to help them establish their presence and proactively exploring and capturing growth opportunities in the financial market.

Further, for the Exchange Participants that have subscribed our securities trading platform services, we plan to maintain a close relationship with them by improving the quality of our services and developing upgrades and enhancements of our securities trading platform software and value-added services. We intend to continue to facilitate our customers' expansion plans by providing advanced customisation and diversified functionalities on our securities trading platform software. In addition, to cater our anticipated business growth and to facilitate our customer expansion plan, we plan to recruit more staff with expertise in different aspects, such as operation, sales and administrative management and provide continuous technical and commercial training to our existing and future staff. We further plan to establish a Hong Kong marketing centre with leased office and experienced marketing, sales and customer service staff, including one sales director and two senior sales and marketing employees on board as soon as practicable after the establishment of the marketing centre in November 2018. We plan to use HK\$1.8 million of the proceeds from the Share Offer and our working capital to fund the establishment of the marketing centre. Please refer to the section headed "Future Plans and Use of Proceeds – Future Plans – Implementation Plans – For the six months ending 31 March

2019” for details. We believe that the diversified services offered by us would enhance the loyalty of our existing customers and attract more new customers. We further believe that our track record and customer base are crucial for our growth in the future in terms of market share and profitability.

Develop innovative service offerings and enhance research and development capabilities

By leveraging our strong research and development capabilities and in-depth market knowledge in developing and commercialising securities trading platform services, we aim to expand our range of service offerings with a focus on intelligent investment tools. In the first quarter of 2017, based on our big data analytic capabilities, we launched an enhanced analytical tool on our securities trading platform software, which provides investors with daily, weekly and monthly stock or industry statistics of capital flows, shareholding change and historical shareholding data of stocks covered by the Shanghai-Hong Kong Connect and the Shenzhen-Hong Kong Connect regime. We believe such enhanced data analytical function will be particular compelling to investors trading stocks through PRC-Hong Kong stock connect regime as this function can help them reveal the market trend and thereby identify popular stocks and industries to be invested.

Moreover, we plan to launch our new service *iBroker* for our brokerage firm customers in the second half of 2018. We aim to build an easy-to-access and vibrant online service platform to connect securities brokers and their clients by *iBroker*, which will enable brokers to offer securities brokerage services and satisfy the various needs of clients. In addition to *iBroker*, we will introduce China-Hong Kong Stock Connect Data Analyst (中港通數據寶) in the second half of 2019. It will be an analytical tool tracing and covering comprehensive dimension of capital investment of stocks listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect regime. It will enable us to obtain more extensive statistics with respect to the investors’ investment activities and the capital flow in the markets and will enhance the performance of our data analysis system. Please refer to the section headed “Business – Pipelined Research & Development Projects” for details of our new service offerings under planning and development.

Apart from the analytical and interactive tools, we have been committed to strictly complying with the rules and requirements published by the regulatory authorities. For example, we plan to embed the two-factor authentication module in our securities trading platform software to comply with the guidelines for reducing and mitigating hacking risks associated with internet trading to be implemented by the SFC.

In the *HKEX Strategic Plan 2016-2018*, in addition to the launch of the Shenzhen-Hong Kong Connect in 2016 and the Bond Connect in 2017, the HKEX sets up various strategies to develop its equity business, including, among others, to (i) work with regulators in Hong Kong and the PRC to relax the trading restrictions, including quotas, eligible securities, eligible investors, holiday trading, and stock borrowing and lending, under the Shanghai-Hong Kong Connect and the Shenzhen-Hong Kong Connect; and (ii) use the *Primary Equity Connect* (新

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股通) regime to enable the PRC and Hong Kong investors to subscribe for new shares issued as cross-border primary market offerings. In response to HKEX's strategies to deliver and strengthen cross-border access between the PRC and international markets, we plan to upgrade the service offering of our front office trading system to cater for the contemplated increase in capital flows to be brought by our cross-border customers and end-users.

In order to launch new services, improve additional functionalities on our securities trading platform software, introduce our securities trading platform software to additional channels and upgrade our securities trading platform software to cater to the Orion Trading Platform to be introduced by the HKEX, we plan to recruit additional technical professionals and operating staff. To this end, we aim to recruit approximately 21 staff members, including software engineers, system analysts and project managers.

Further, we plan to establish a new R&D centre in Shenzhen, the PRC by purchase of newly-developed office premises. Our Directors believe that purchase of the office premises for establishment of the new R&D centre could (i) secure permanent working premises to mitigate the risks associated with leased properties, such as the expected increasing leasing fees in this area and early termination or non-renewal of the tenancy by the landlord; (ii) eliminate the costs, time and efforts associated with the frequent relocation and renovation of our office premises; (iii) equip our R&D centre with industry standard facilities, such as servers, network equipment, testers and security controls to facilitate our R&D activities and to improve the standard and quality of our services and products; (iv) provide better working environment so as to enhance the working efficiency and cultivate sense of belonging of our employees; and (v) enhance our Company's ability to secure bank borrowings which generally require immovable assets, such as property, as collaterals. Please refer to the section headed "Future Plans and Use of Proceeds – Future Plans – Implementation Plans – For the six months ending 30 September 2019" for the details.

Apply for additional market data vendor licences to expand the service coverage of our market data services

As an increasing number of brokerage firms are connected to our *TradeGo Pro* with expanded market access provided by our *CMS Plus* trading system, investors are able to trade in various types of financial instruments with wider geographical coverage. To serve the diversified demand of our growing customers and end users, we intend to further broaden the coverage of our market data services and offer price competitive market data service packages in the future. To this end, we plan to apply for market data vendor licences from exchanges for which we have yet been licensed to offer market data but we believe will have a solid market demand among Hong Kong Brokerage Firms and investors in the Greater China Region. We also plan to apply for additional types of market data vendor licences from overseas exchanges, such as Singapore Stock Exchange and London Stock Exchange to expand the service coverage of our market data services.

Enhance our hardware infrastructure capacities to better support our expanding operational scale

Based on the *HKEX Strategic Plan 2016-2018*, the HKEX plans to introduce the Orion Trading Platform to replace the current securities trading system, thus complementing the Orion Market Data and Orion Central Gateway systems as the final building block of its cash market trading infrastructure upgrade. Information security remains a key focus for the Hong Kong Stock Exchange. In addition, we expect that the number of users of the securities trading platform software developed or maintained by us will continue to grow and there will be increasing demand for data storage, computing and transmission capabilities from these platforms and systems. To support such contemplated growth, we plan to upgrade our hardware infrastructure resources to support a highly resilient, low latency, flexible and scalable front office trading systems for our customers. In particular, we plan to lease additional cloud servers in Shanghai, Shenzhen, Hong Kong and other cities in the PRC and an additional cross-border DDN leased line between Shenzhen and Hong Kong.

We believe the additional cloud servers would be able to support our service system in anticipation of the expected growth in demand from our customers. The additional DDN leased line is expected to increase our network bandwidth and will enable us to operate a dual-backup transmission system together with our existing cross-border DDN leased line. We believe that additional hardware infrastructure resources will improve our data storage, computing and transmission capabilities as well as the reliability and expandability of our securities trading platforms.

Expand our engaged customer base through our open securities trading platform software *TradeGo Pro*

In 2014, we launched our self-operated open securities trading platform software *TradeGo Pro* under our own brand name, which offers access to multiple brokerage firms and investors through a diversified range of operating systems and platforms, and enables brokerage firms to provide financial services, in particular, brokerage services, to investors. As at the Latest Practicable Date, on *TradeGo Pro*, end users are able to trade a variety of types of financial instruments, including securities and derivatives, in stock and future exchanges in Hong Kong, China, the United States and other regions through different brokerage firms. *TradeGo Pro* also features its comprehensive functionalities which effectively facilitate investors' trading process or assist in their decision making, including online account opening appointment, real-time market data, IPO information and financial news. The launch and operation of *TradeGo Pro* has helped to improve our brand awareness and product offerings. Please refer to the section headed "Business – Our Securities Trading Platform Software – TradeGo Pro" in this section for further information.

We have built an continuously growing end user base after the official launch of *TradeGo Pro* in 2014. The total number of registered users of *TradeGo Pro* increased from 19,562 as at 31 March 2016 to 95,758 as at 31 March 2018, representing an increase of 389.5%. We believe our end user base is also becoming increasingly engaged due to our continuous efforts to

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improve and upgrade our products and services. We have established our internet marketing team in March 2017, with a specialised focus on the operation and promotion of *TradeGo Pro*. The major promotion activities include stimulation trading competitions, product and service subscription discounts and customer referral reward programme which are available to registered users.

Based on the fast growth in the number of brokerage firms connected and users registered with *TradeGo Pro*, we believe the launch of *TradeGo Pro* was a successful attempt of entering into the broad end user market as well as connecting and integrating our institutional customers with end users through our self-operated securities trading platform software. The launch and operation of *TradeGo Pro* also helps to improve our brand awareness among institutional customers as well as end users in the market. During the Track Record Period, revenue of *TradeGo Pro* was mainly derived from the subscription of market data services by registered users. We plan to expand the service offerings and revenue sources of *TradeGo Pro* and further provide a wide range of trading matching and support services to brokerage firms and investors. Given our continuously growing end user base, we believe that *TradeGo Pro* will present greater monetisation opportunities and provide a solid foundation for our future platform operations.

Pursue strategic acquisitions of complementary businesses

In order to further establish an integrated value chain in the industries we operate, we intend to strategically acquire businesses that are complementary to our existing services and product offerings. In the future, the acquisition targets include BSS vendor(s) in developing and operating BSS for Hong Kong Brokerage Firms. As BSS vendors are the back-end players which we closely cooperated with, we believe the acquisition of BSS vendors will create synergy effect to our existing business to the extent that such acquisition will allow us to extend our business line and expand our revenue sources under a highly integrated business model.

We will also consider possible acquisitions of financial technology companies possessing cutting-edge technologies such as AI-based trading algorithm, big data analytics and other technologies related to the development of robo adviser. We believe the technical knowledge and project experience from staff of these financial technology companies will help to enhance our research and development capabilities and make critical contribution to the research and development of our robo adviser service offerings. We believe we will benefit from such future strategic acquisitions to extend the functions and enhance the user experience of our upcoming innovative services, such as *iBroker*, and thereby deliver better value to our customers who have subscribed our services. As at the Latest Practicable Date, we had not identified any potential acquisition targets and will only consider opportunities after the Listing.

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BUSINESS OPERATIONS

We currently provide three types of services, namely, front office trading system services, market data services and value-added services, which are mainly delivered through our self-developed securities trading platform software, such as *TradeGo* and *TradeGo Pro*. Set forth below is a summary of the key components of each type of services:

- *Front Office Trading System Services.* Our front office trading system services consist of CMS trading system services and CMS Plus trading system services.
- *Market Data Services.* Our market data services consist of a wide range of market data feeds from five stock and future exchanges with which we obtained market data vendor licences.
- *Value-added Services.* Our value-added services consist of (i) simulation trading platform services, (ii) online account opening appointment services, (iii) cloud infrastructure services and (iv) other value-added services.

Business Model

We are an integrated securities trading platform service provider serving primarily Hong Kong Brokerage Firms and their clients. During the Track Record Period, we derived substantially all of our revenue from the provision of our front office trading system services and market data services to institutional customers, being primarily Hong Kong Brokerage Firms, on a subscription basis. Generally, an institutional customer enters into an agreement with us for the subscription of our services for a period typically ranging for one to three years, under which it makes an upfront payment to us with subsequent monthly payments. Depending on our brokerage firm customers' subscription, we are responsible for the development and installation of the relevant software (such as *TradeGo*) and provide our front office trading system services, market data services and/or value-added services with ongoing support and ancillary services during the subscription period. Such front office trading systems which enable their clients to conduct securities trading are generally operated under their own brand names.

We usually offer front office trading system and market data services as an integrated service portfolio to our customers. Most of our services are delivered through securities trading platform software developed by us, primarily being *TradeGo* and *TradeGo Pro*, which we also regard as the major delivery channels of our services.

As an essential component of our one-stop service packages, we also provide support and ancillary services to our customers, including system operation and maintenance, installation of software as well as procurement and installation of hardware per request of our customers.

The development and operation of our service portfolios are supported by our proprietary or leased hardware infrastructure resources, such as cloud servers, on-premise servers and leased DDN lines. Based on these resources, we are able to offer cloud infrastructure services

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to our customers, including the subscription of cloud servers and bandwidth of leased lines from us. Please refer to the section headed “Business – Our Services – Value-added Services – Cloud Infrastructure Services” for more information.

OUR SECURITIES TRADING PLATFORM SOFTWARE

We develop and provide our customers with multi-function securities trading platform software, which enables, among others, brokerage firms to provide brokerage services and market data services to their clients. Our securities trading platforms are client software and delivery channels through which we provide our major services to customers and end users. As at the Latest Practicable Date, we had developed different types of securities trading platform software, among which the major ones being *TradeGo* and *TradeGo Pro*.

As the major delivery channels of our services, *TradeGo* and *TradeGo Pro* enable us to offer integrated securities trading platform services through diversified platforms and operating systems with consistently evolving functions and features, which we believe will help to improve the overall competitiveness of our front office trading system services, market data services and value-added services and promote the prospect of our business growth.

TradeGo

We have designed, developed and launched the securities trading platform software *TradeGo* in 2014. *TradeGo* is our most up-to-date and popular securities trading platform software upgraded from its predecessors *Hong Kong Stock Express* (港股快車) and *Global Express* (環球快車), which were first launched by us in 2010 and 2013, respectively. As at the Latest Practicable Date, eight and four of our customers were still using *Hong Kong Stock Express* and *Global Express* as their securities trading platform, respectively. We aim to gradually replace them by *TradeGo* with these customers.

We customise *TradeGo* according to the specific requirements of our brokerage firm customers, such as different functionalities and user interface with our customers’ brand names and logos. Our brokerage firm customers usually provide such tailor-made software to their clients with their own brand names. As at the Latest Practicable Date, *TradeGo* was available across diversified operating systems and platforms, including Microsoft Windows, Android, iOS and Web browsers. As one of the major delivery channels as well as the client software of our integrated securities trading platform services to institutional customers, the broad system compatibility and comprehensive functions of *TradeGo* is key to the success and growth of our business.

Core Value and Key Functions

The core value of *TradeGo* is to provide a service platform among brokerage firms and their clients to facilitate securities trading and brokerage activities. The core function of *TradeGo* is online trading, which mainly includes order processing and transmission, position management, order book management, order amendment, trade summary and IPO application. In addition, *TradeGo* also integrates comprehensive functions which enable brokerage firms to provide various services to their clients for securities trading, including market data and online account opening appointment.

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In addition to the basic functions, we also develop and integrate customised functions for customers, such as currency exchange, electronic IPO application service and bank-securities account transfer, to cater for the diversified business needs and service offerings of our brokerage firm customers.

TradeGo Pro

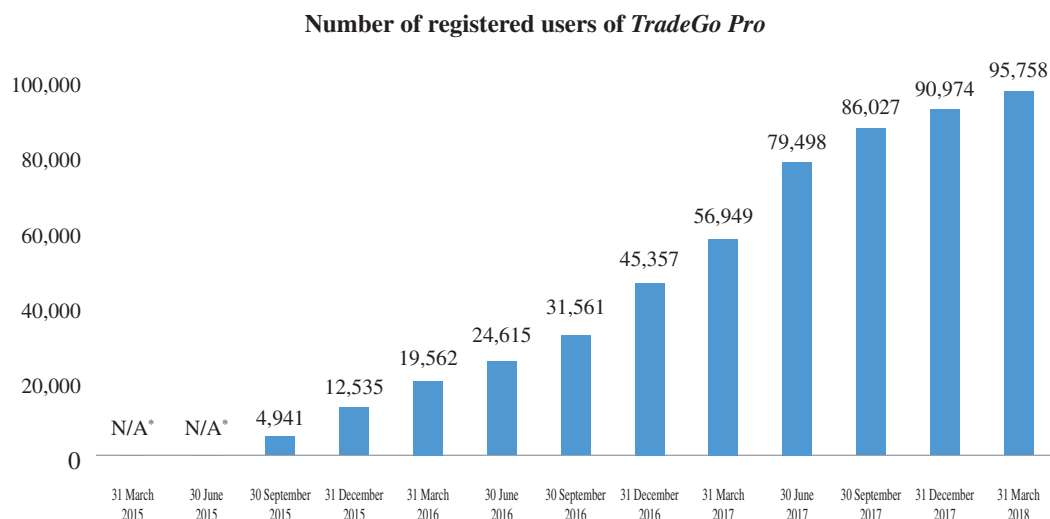
We launched *TradeGo Pro* in October 2014, which is our self-operated open securities trading platform software. *TradeGo Pro* is similar to *TradeGo* in terms of key functions and hardware network architecture. However, unlike *TradeGo*, which is usually customised for our brokerage firm customers and operated under their brand names, *TradeGo Pro* is our self-operated open securities trading platform software, which enables multiple brokerage firms to provide financial services to their clients on one platform. We have been frequently upgrading *TradeGo Pro* and rolling out new versions on diversified operating systems and platforms. As at the Latest Practicable Date, *TradeGo Pro* was available on Microsoft Windows, Mac OS, Android, iOS and Web browsers.

Core Value

The core value of *TradeGo Pro* is to provide an open securities trading platform enabling brokerage firms which are connected to this platform to provide financial services to investors, thereby investors are able to make investment and asset allocation through multiple brokerage firms by only using one securities trading platform.

Users

Fundamentally, *TradeGo Pro* is an open securities trading platform software with its core competitiveness being its connected brokerage firms and its fast-growing base of end users. The following chart shows the number of registered users of *TradeGo Pro* as at the dates indicated:



Note:

- * the number of registered users of *TradeGo Pro* as at 31 March 2015 and 30 June 2015 was not available as we had not started tracking such number on these dates.

Since the launch of *TradeGo Pro* in October 2014, the number of accumulated downloads of *TradeGo Pro* achieved approximately 0.7 million on mobile devices and 1.4 million on computers as at 31 March 2016. The numbers increased to approximately 1.5 million and 1.5 million, respectively, as at 31 March 2017 and further increased to approximately 1.7 million and 1.5 million, respectively, as at 31 March 2018. We believe users who have downloaded *TradeGo Pro* have the potential to be converted to registered users in the future and the registered users may further subscribe our services available to individual customers through *TradeGo Pro*. We believe the growing number of registered users will further increase the attractiveness of this open securities trading platform and incentivise more brokerage firms to connect to *TradeGo Pro* and both users and brokerage firms will benefit from such network effect.

In terms of the service supply side, we have also successfully attracted an increasing number of brokerage firms to connect to *TradeGo Pro*. As at 31 March 2018, there were 54 brokerage firms offering brokerage services of diversified financial instruments to end users on *TradeGo Pro*.

During the Track Record Period and up to the Latest Practicable Date, we commercialised *TradeGo Pro* and monetised its growing customer base primarily through the end users' subscription of market data services provided through *TradeGo Pro*. Income derived from end users' subscription of market data through *TradeGo Pro* was categorised under the revenue of our market data services. As we have been frequently updating *TradeGo Pro* and rolling out new functions on it, we believe we will continue to monetise *TradeGo Pro* through the subscription of different types of value-added services by our customers.

Key Functions

TradeGo Pro integrates all key functions available on *TradeGo*. In addition, *TradeGo Pro* also offers additional modular functionalities which are exclusively available on *TradeGo Pro*, primarily include:

- Intelligent Stock Portfolio Recommendation (智能選股): provides recommended stock investment portfolios based on the market analysis by our proprietary algorithm technology across diversified indicators, including the market, the industry or the financial performance of the issuers.
- IPO Statistics (新股通): provides comprehensive information and statistics of stocks to be listed on the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, including the background information of issuers, OTC transaction statistics, listing documents and allotment results.

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- Simulation Trading Competition (模擬交易大賽): reproduces and duplicates the key features of the major exchanges and financial markets in Hong Kong, the PRC and the U.S., which enables investors to use virtual cash to practise securities and derivatives trading without involving actual financial risk.
- Capital Flow Information (資金流向): provides users with information for all Hong Kong stocks in terms of net capital inflow and transaction value during specified period of time.

TradeGo Pro features its openness, benefiting from which, investors are able to have a one-stop access to a variety of brokerage firms which are connected to *TradeGo Pro* and are able to trade a wide range of financial instruments in terms of product portfolio and geographical coverage.

OUR SERVICES

We currently provide three types of services, namely, front office trading system services, market data services and value-added services. The following table sets forth the breakdown of revenue of our service lines by amount and as a percentage of our total revenue during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Front Office Trading System						
Services	12,471	37.5	13,997	34.6	18,891	43.7
– CMS trading system	12,471	37.5	13,997	34.6	18,891	43.7
Market Data Services	17,577	52.8	17,520	43.4	17,531	40.6
Value-added Services	3,229	9.7	8,881	22.0	6,787	15.7
– Simulation trading platform services	124	0.4	2,751	6.8	83	0.2
– Online account opening appointment services	–	–	569	1.4	621	1.4
– Cloud infrastructure services	3,089	9.3	3,839	9.5	3,706	8.6
– Other value-added services	16	0.0	1,722	4.3	2,377	5.5
Total	33,277	100.0	40,398	100.0	43,209	100.0

Front Office Trading System Services

Our front office trading system services consist of CMS trading system services and CMS Plus trading system services. We believe we are well positioned to capture the anticipated growth of securities trading platform service industry in Hong Kong and plan to enhance the performance and functions of our existing front office trading system services and develop and roll out new service offerings with added value to customers and end users.

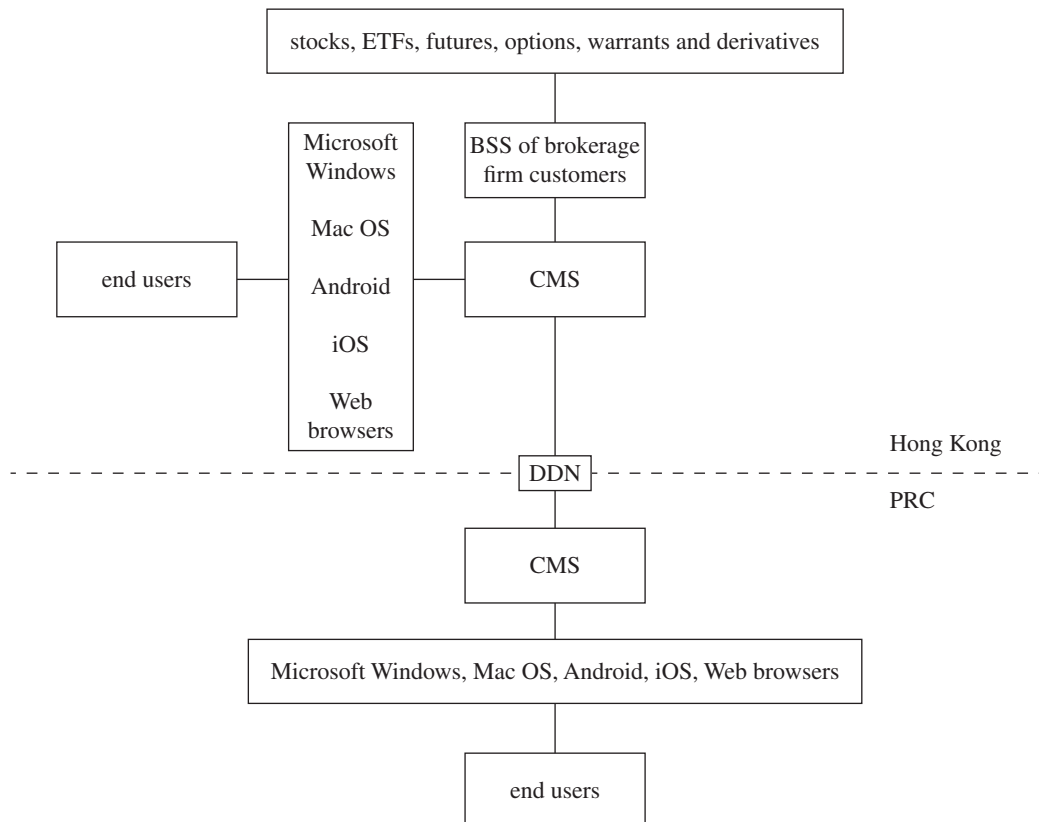
I. CMS Trading System

As a well-established service line of our Group, we have been developing and providing CMS Trading System services to brokerage firm customers since the inception of our business in 2011. The core components of our CMS trading system services include securities trading platform software, cross-border hardware infrastructure and post delivery support.

Core Values

The core value of our CMS trading system services is to provide an online front office trading system connecting brokerage firms with their clients, through which brokerage firms can receive and route the trading orders placed by their clients for further processing by their BSS. As at 31 March 2018, depending on the geographical coverage of our brokerage firm customers, our CMS trading system services support trading of securities on major exchanges in Hong Kong, the PRC, the U.S. and other regions that our brokerage firm customers have market access to.

The following diagram below illustrates the network architecture and key steps of trading activities through our CMS trading system:



BUSINESS

The clients of our brokerage firm customers can place and manage trade orders directly through our securities trading platform software on their devices, such as PCs and mobile phones. The trade orders are gathered through the servers at different locations for further processing. Data of trade orders will be transmitted to the BSS of our brokerage firm customers for further processing, after which, the relevant trade requests are delivered by the BSS to the gateways of the exchanges.

Key Functions and Features

The key function of our CMS trading system services is to transmit the trading data between the securities trading platform software on the devices of the brokerage firms' clients and the BSS of the brokerage firms through our software and hardware networks. The key features of our CMS trading system services include:

- (i) *Diversified supported channels*: our securities trading platform software, being the major delivery channel of our front office trading system services, enables our brokerage firm customers to provide brokerage services to their clients through diversified and popular operating systems and platforms.
- (ii) *Global securities trading*: depending on the service scope of our brokerage firm customers, our CMS trading system allows their clients to trade different financial instruments, including stocks, ETFs, bonds, futures, options, warrants and derivatives, in different exchanges. As at the Latest Practicable Date, our brokerage firm customers support securities trading on exchanges in Hong Kong, the PRC and the U.S. and other regions such as Singapore and Canada.
- (iii) *Broad compatibility*: our CMS trading system provides a wide range of interfaces to connect with different BSS used by different Hong Kong Brokerage Firms. According to the Frost & Sullivan Report, we were able to connect our self-developed securities trading platform software to 10 out of total 16 BSS developed by third-party BSS vendors recognised by Hong Kong Stock Exchange as at 31 March 2018, which we believe represented the advanced compatibility and expandability of our product among securities trading platform software in the Hong Kong market.
- (iv) *PRC-Hong Kong Stock Connect*: we were one of the pioneers to upgrade our front office trading system to support cross-border securities trading under the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect through which investors in their respective markets can trade designated securities listed on the other markets.

Key Terms of Long-term Agreements

During the Track Record Period, our CMS trading system service agreements with our brokerage firm customers typically include the following principal terms:

- *Scope of arrangements:* Each agreement specifies (i) the version of securities trading platform software such as iOS/Android versions, Microsoft Windows version and Web browser version, and (ii) the supported exchanges for securities trading, such as the Hong Kong Stock Exchange, the Hong Kong Futures Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ.
- *Fees:* Fees are normally charged in the form of monthly subscription fee that depends on the versions of securities trading platform software and capacity of server infrastructure subscribed by the brokerage firm customers. Monthly subscription fees are charged for each version of securities trading platform software. Generally, advanced payment for several months' subscription fees is required.
- *Term and renewal:* The term of agreements typically ranges from one to three years. The agreement is automatically renewed unless either party provides notice of its intention of not to renew no less than 60 days prior to the expiration of the agreement. Each renewal of agreement is for the period of one year.
- *Termination:* We have the right to terminate an agreement for certain reasons, which include, among others, customers' breach of the agreement and change of regulations and policies of the relevant exchanges. Customers are entitled to terminate the agreements if we fail to duly perform our obligations under the agreement. In the event of termination of agreements due to the breach of our customers, the breaching customers are generally required to pay the remaining sum of their contractual commitment.

II. CMS Plus Trading System

Core Values

We launched CMS Plus trading system in 2016, which is an intelligent securities trading system offering brokerage firms simultaneous access to different exchanges worldwide via other brokerage firms with direct access to these exchanges through their or their affiliates' trading licences or memberships. CMS Plus trading system also benefits investors to the extent that investors can trade in exchanges worldwide without opening trading accounts with different brokerage firms.

BUSINESS

As at 31 March 2018, CMS Plus trading system supports brokerage firms to conduct brokerage activities in global exchanges, which primarily include, among others, the following exchanges:

- Hong Kong Stock Exchange
- Hong Kong Futures Exchange
- NASDAQ
- PhilipMart
- Shanghai Stock Exchange*
- Shenzhen Stock Exchange*
- New York Stock Exchange

Note:

- * In terms of the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the stocks available for trading through our CMS Plus trading system only include the designated stocks under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, respectively.

Key Functions and Features

CMS Plus trading system covers all key functions of CMS trading system. In addition, CMS Plus trading system has purchasing power calculation, purchasing power check and bookkeeping functions to facilitate the processing of trading orders between brokerage firms, by which brokerage firms can provide global brokerage services to their clients.

Under the traditional trading method, if a brokerage firm (the “**Customer Brokerage Firm**”) receives trading queries from its client requesting for trading in the financial market with which the Customer Brokerage Firm has no trading licence or membership, and if the Customer Brokerage Firm is willing to help its client to complete such trading request, the Customer Brokerage Firm would need to open an institutional client trading account with another brokerage firm which has such trading licence or membership (the “**Supplier Brokerage Firm**”) and manually place trading orders with the Supplier Brokerage Firm via telephone call or electronic securities trading platform software. However, with certain pre-set inter-brokers arrangement, our CMS Plus trading system allows the Customer Brokerage Firm to get access to Supplier Brokerage Firm’s trading system automatically and to execute trading transactions thereby expediting the transaction process.

In summary, our CMS Plus trading system have the following major features:

- (i) *Automation:* automatic purchasing power calculation, purchasing power check and bookkeeping functions with minimal human intervention;
- (ii) *Privacy:* Customer Brokerage Firms can complete trading through the Supplier Brokerage Firms without having to disclose the identity of their clients to the Supplier Brokerage Firms and vice versa;
- (iii) *Cost efficiency:* the Hong Kong Brokerage Firms can provide brokerage services in overseas exchanges without incurring additional costs to apply and maintain licence or membership with those exchanges; and

BUSINESS

- (iv) *Fast deployment:* CMS Plus trading system can be quickly deployed by the brokerage firms without changing their existing trading system.

Brokerage firms can quickly expand their service coverage to overseas exchanges in a time and cost efficient manner by subscribing our CMS Plus trading system services. We believe that CMS Plus trading system service will be particularly compelling to those cost-sensitive small-sized Hong Kong Brokerage Firms which may have the demand for extending their service coverage with limited budgets.

Key Terms of Long-term Agreements

As at the Latest Practicable Date, we had entered into two agreements with Hong Kong Brokerage Firms for our CMS Plus trading system services but had yet generated any revenue up to 31 March 2018.

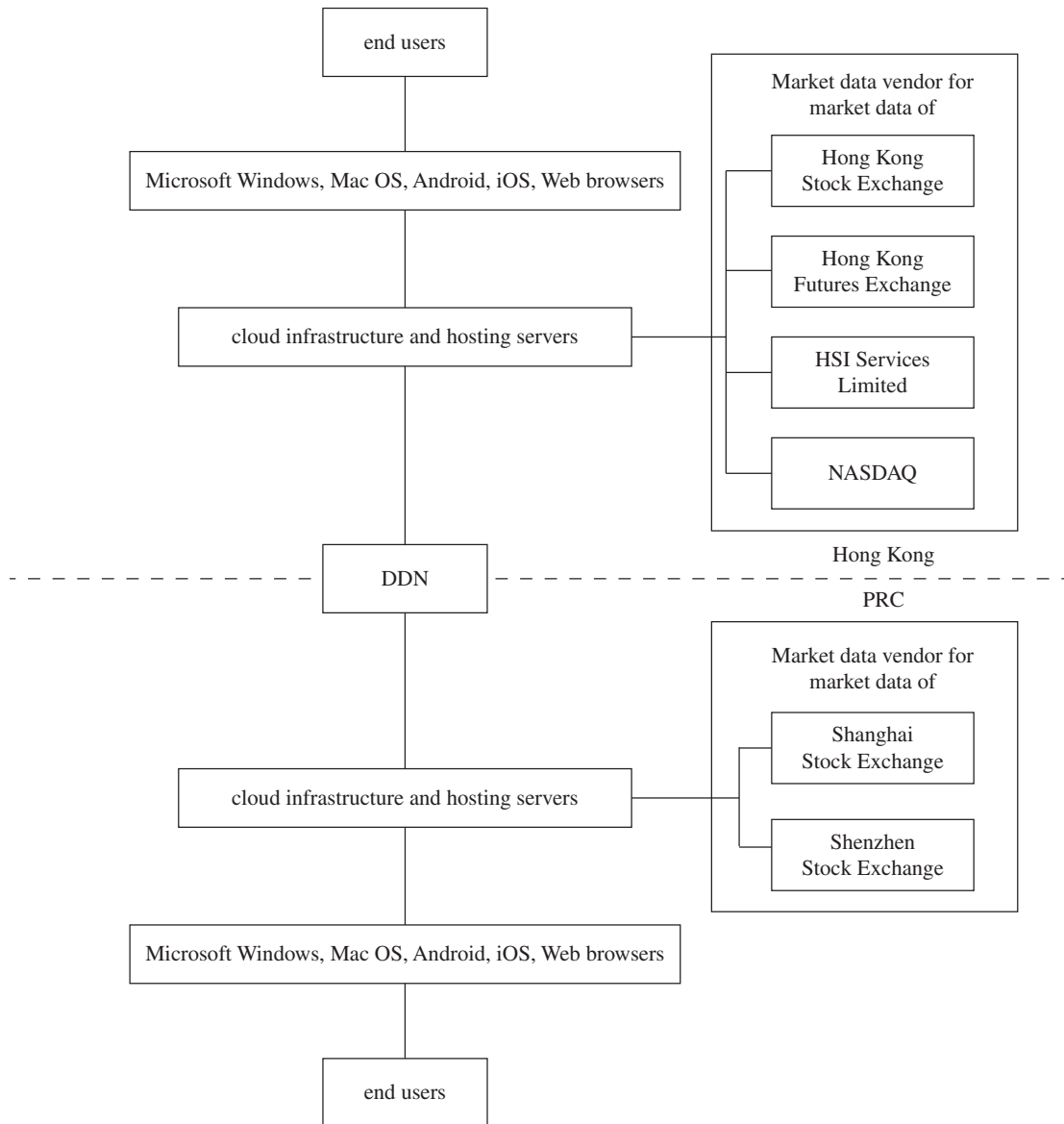
Pursuant to our CMS Plus trading system service agreements with brokerage firms, we provide technical support to both the Supplier Brokerage Firms and the Customer Brokerage Firms for the operation and maintenance of our CMS Plus trading system. In terms of fee arrangement, Customer Brokerage Firms shall pay us a system maintenance fee based on a certain percentage of the transaction amount of the Customer Brokerage Firm's clients who are using our CMS Plus trading system. Supplier Brokerage Firms shall also pay us a fixed amount of system maintenance fee for each transaction. Our service agreements for CMS Plus trading system usually have a term of three years, which is renewable subject to mutual agreements between parties automatically renewable for one year unless either party provides notice of its intention not to renew no less than 60 days prior to the expiration of the agreement. Each party shall have the right to terminate an agreement for certain reasons, which include, among others, material breach of the agreement, winding-up or liquidation of parties and force majeure.

Market Data Services

As an important component of our securities trading platform services, we provide market data to institutional and individual customers as a fundamental data source for their investment analysis and decision-making. As at the Latest Practicable Date, as a market data vendor, we had held market data vendor licences of five exchanges, namely, the Hong Kong Stock Exchange, the Hong Kong Futures Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ. Please refer to the section headed "Business – Suppliers – Market Data Suppliers" for the salient terms of our market data licence agreements with major exchanges. Our market data services provide customers with different types of market data, including continuous access data and per quote access data. Apart from market data, we also provide other financial information, such as IPO statistics, corporate and financial information and news of listed companies of exchanges in Hong Kong, the PRC and the U.S.

BUSINESS

The following diagram illustrates the typical work flow of our market data services:



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Service Coverage and Licences

Set out below are different types of market data provided by us and the licences granted to us as at the Latest Practicable Date:

<u>Exchanges – Data Products</u>	<u>Types of Market Data</u>	<u>Valid Period</u>	<u>Geographical Limit</u>	<u>Holding Entity</u>
Hong Kong Stock Exchange				
Continuous Access Data	Real-time	From 1 April 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Per Quote Access Data	Real-time	From 1 April 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Basic Market Prices Data	Real-time	From 1 April 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Delayed Data	Delayed	From 1 April 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Index Data ⁽¹⁾	Real-time	From 13 June 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Hong Kong Futures Exchange				
Continuous Access Data	Real-time	From 1 April 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Index Data ⁽¹⁾	Real-time	From 13 June 2017 ⁽³⁾	Not applicable	Tele-Trend Konson
Shanghai Stock Exchange				
Level-1 Market Data	Real-time	From 1 February 2018 to 31 January 2019	Within the PRC	Tele-Trend Konson SZ
Shenzhen Stock Exchange				
Basic Market Data	Real-time	From 1 May 2018 to 30 April 2019 ⁽²⁾	Within the PRC	Tele-Trend Konson SZ

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<u>Exchanges</u> <u>- Data Products</u>	<u>Types of</u> <u>Market Data</u>	<u>Valid Period</u>	<u>Geographical Limit</u>	<u>Holding</u> <u>Entity</u>
NASDAQ				
Nasdaq Basic Plus Data	Real-time	From 8 October 2015 (no fixed term)	Not applicable	Tele-Trend Konson

Notes:

- (1) The index data of the Stock Exchange and Hong Kong Futures Exchange is licensed by HSI Services Limited and include various types of index data.
- (2) The term will be automatically extended on an annual basis unless the Shenzhen Stock Exchange or our Company has delivered an advance notice of termination to the other party.
- (3) The term is not fixed and is subject to termination by either party giving prior notice of termination in writing to the other party.

Different data products differ in their (i) nature, which can be classified to continuous data feed and per quote data feed; and (ii) depth of information, mainly including various package of information on previous closing price, daily high & low price, best bid/ask price and bid/ask volume, nominal price and/or last traded price, shares traded & turnover and other information related to market depth, trade tickers, broker queue and aggregate market depth.

As certain of our brokerage firm customers may have market data vendor licences or membership with exchanges which we do not possess, upon the request of these brokerage firm customers, we also provide technical support to import such market data from these brokerage firm customers to their customised securities trading platform software for their clients' usage, such as the real-time market data of London Metal Exchange.

We intend to further expand the service coverage of our market data services by applying market data vendor licences from other exchanges, such as Singapore Stock Exchange and London Stock Exchange, which we believe will have a great potential of market demands among the PRC and Hong Kong investors and brokerage firms. For details of our business strategy on applying additional market data vendor licences, please refer to the section headed "Business – Business Strategies – Apply for additional market data vendor licences to expand the service coverage of our market data services". For risks associated with our business operations of market data services, please refer to the sections headed "Risk Factors – We may not be able to maintain or grow our market data services" and "Risk Factors – We are subject to audit of exchanges and may not be able to extend our existing market data vendor licences or apply for additional market data vendor licences, which will materially and adversely affect our market data services segment of business" for more information.

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Key Terms of Long-term Agreements

During the Track Record Period, our market data service agreements with our institutional customers typically include the following principal terms:

- *Scope of arrangements:* each agreement specifies the types of market data services subscribed by the customer. The market data services can be classified by (i) timeliness, such as the real-time data feeds and delayed data feeds market data service, or (ii) exchanges, such as the Hong Kong Stock Exchange, or NASDAQ; and (iii) level of details, such as the Basic Market Prices data, level-1 continuous access data and level-2 continuous access data of the Hong Kong Stock Exchange.
- *Fees:* depending on the types of market data subscribed by the customers, fees are often charged based on per quote, per end user or per category of market data based on the actual volume of subscription during the respective periods.
- *Term and renewal:* the term typically ranges from one to three years. Each agreement is automatically renewed unless either party serves notice of not to renew no less than 60 days prior to the expiration of the agreement. Each renewal of agreement is for the period of one year.
- *Termination:* we have the right to terminate an agreement for certain reasons, which include, among others, customers' breach of the agreement, such as default in payment. Customers are also entitled to terminate the agreements if we fail to duly perform in accordance with the agreement. In the event of termination of agreements due to the breach of our customers, the breaching customers are generally required to pay the remaining sum of their contractual commitment.

Delivery Channel

We primarily provide market data services to our customers and end users via our securities trading platform software. In addition to institutional customers, which are primarily brokerage firms, end users of *TradeGo Pro* who have demands of high-level and real-time market data also subscribe our market data services, such as the level-2 continuous access market data of the Hong Kong Stock Exchange.

Value-added Services

In addition to the front office trading system services and market data services, we also provide value-added services to our customers, including simulation trading platform services, online account opening appointment services, cloud infrastructure services and other value-added services.

Simulation Trading Platform Services

Core Values

In recognition of the fact that many PRC investors making outbound investment were unfamiliar with the trading rules, regulations and environment of overseas exchanges, we have developed simulation trading platform which reproduces and duplicates the key features of the major exchanges in Hong Kong, the PRC and the U.S., through which investors can use virtual cash to practise securities and derivatives trading without involving actual financial risks. The core components of simulation trading platform services consist of simulation trading software, market data services and cloud hardware infrastructure services.

Productisation

Our simulation trading platform services can be classified into three categories: (i) simulation trading competitions, which are mock stock trading competitions operated or supported by us; (ii) public simulation trading platform, which is operated by us on *TradeGo Pro*; and (iii) customised simulation trading platform, which is customised for institutional customers and is usually integrated into the customised *TradeGo* or websites of these institutional customers. As at the Latest Practicable Date, our simulation trading platform services were available across diversified operating systems and platforms, including Microsoft Windows, Mac OS, Android, iOS and Web browsers.

In 2013, our Group have successfully cooperated with an renowned PRC internet company to assist in the organisation of a U.S. stock simulation trading competition for a reputable Hong Kong Brokerage Firm, which adopted the customised simulation trading system developed by us. Since then, we have cooperated with well-known PRC internet companies to assist various brokerage firms for holding the competitions of simulating trading of Hong Kong and U.S. stocks.

In response to the mutual market access arrangements between the PRC and Hong Kong, we won the public tender to become the exclusive provider of the Hong Kong Stock Connect Simulated Trading Platform* (港股通模擬交易平台) for investor education purpose for the Shanghai Stock Exchange in 2014 and the Shenzhen Stock Exchange in 2016, respectively.

In October 2014, leveraging our experience in developing customised simulation trading platforms for our institutional customers, we rolled out *Global Simulation Exchanges* (環球模擬交易所) as a modular function on *TradeGo Pro*. Since then, we had been hosting stock simulation trading competitions with rewards from time to time, including cash prizes, market data service packages, internship opportunities in our Group trading fund and trading commission rebate provided by brokerage firm, and electronic devices. Depending on the ranking of the reward winners, the value of the granted rewards normally ranged from hundreds to thousands of Hong Kong dollars with the top prize normally not exceeding HK\$200,000. We allow registered users of *TradeGo Pro* to use our simulation trading platform services for free so as to attract more users and to promote our brand name. Please refer to the section headed “Business – Sales and Marketing” for more information.

BUSINESS

Key Functions and Features

The key function of our simulation trading platform services is to allow users to participate in stimulation trading of a variety of financial instruments, such as stocks, warrants, futures and other securities and derivatives, on major exchanges in Hong Kong, the PRC and the U.S., with replicated real-life trading rules and capital markets events from time to time and real-time or delayed market data feeds.

Set out below are the key features of our simulation trading platform services:

- (i) *Authoritativeness*: we are the exclusive supplier of simulation trading platform services to the Shanghai Stock Exchange and the Shenzhen Stock Exchange in terms of the Hong Kong Stock Connect regime;
- (ii) *High performance*: as at the Latest Practicable Date, each of our servers are able to support concurrent requests from approximately 3,000 to 5,000 users with a capacity to match approximately 12,000 transactions per second;
- (iii) *Flexibility*: our simulation trading platform services enable competition holder to define the tradable stock pool and trading rules, such as the limits on daily number of transactions for specific stocks.

Delivery Channel

Simulation trading platform can be integrated as a module into our securities trading platform software, namely *TradeGo*, *TradeGo Pro* or incorporated into websites as a standalone product.

For customised simulation trading platforms and simulation trading competitions, we charge our institutional customers, primarily brokerage firms and exchanges which subscribe our services for investor education or marketing purpose, with a one-off fee upfront payment, which normally covers our costs with mark-ups of profit margin. Our costs of customised simulation trading platform services primarily include customisation and implementation costs and for simulation trading competitions, such as marketing expenses and cash rewards.

Online Account Opening Appointment Services

Core Values

Our online account opening appointment services allow investors to complete the account opening appointment procedures with Hong Kong Brokerage Firms through mobile devices.

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Regulatory Background

Hong Kong Brokerage Firms are required to verify the identity of each of their clients for account opening and there are three traditional approaches: (i) execution of the account opening documents in the presence of an employee of the brokerage firm; (ii) certification of the signing of the account opening agreement and the sighting of the identity documents by any other person licensed by or registered with the SFC or its affiliate, a Justice of the Peace or a professional person; or (iii) certification services provided by Hong Kong certification authorities recognised by the Electronic Transactions Ordinance (Cap. 553), including the Hongkong Post Certification Authority and Digi-Sign Certification Services Limited. The third approach allows investor clients to use the electronic signature certificates generated by these certification authorities and thus enables them to complete the major steps of account opening on mobile devices. However, this approach was only available to Hong Kong investors in the past.

On 24 October 2016, the SFC issued the “Advisory circular to intermediaries – Client identity verification in account opening process” (the “**Circular**”) which provides further guidance to the certification services provided by certification authorities outside Hong Kong whose electronic signature certificates have obtained recognition of Hong Kong government. Leveraging our vast industry experience and strong product development capabilities, we officially launched our cross-border online account opening appointment services to Hong Kong Brokerage Firms on 3 January 2017, within only three months after the issuance of the Circular.

Business Partnership

As at the Latest Practicable Date, we had cooperated with a recognised PRC certification authority, Global Digital Cybersecurity Authority Co. Ltd.* (數安時代科技股份有限公司) (“**GDCA**”), for the provision of certification services, which are essential for identity verification of PRC investors. According to the cooperation agreement between GDCA and us in June 2017, we are responsible for the implementation of identity verification procedures pursuant to certain standards and rules specified by the certification authority. Accordingly, GDCA will issue digital certificates that fulfil the technical specifications for the mutual recognition of electronic signature certificates issued by Hong Kong and Guangdong authorities, and authorises us to provide such digital certificates to our customers and end users. We agree to make payment based on the quantity of services provided or arranged by the certification authority, including, among others, digital certificates and remote certification services. Our cooperation agreement with GDCA has a term of approximately 12 months and is renewable upon expiry. Within the term of the agreement, both parties agree to maintain exclusive cooperation relationships with each other.

In June 2016, we have entered into a renewable business cooperation agreement with a PRC software company for the joint development of software component for our online account opening appointment service with a term of 36 months and an exclusive cooperation period of 12 months. Under this agreement, our business partner is responsible for the

BUSINESS

development and maintenance of back office software, primarily including the research and test of application programming interface, and we are responsible for the development and test of front office software. We jointly own the intellectual property rights of the software developed by us for the online account opening appointment services and agree to share revenue derived from the provision of online account opening appointment services. However, parties will maintain respective intellectual property rights of software and proprietary content developed prior to the business cooperation relationship.

Key Functions and Features

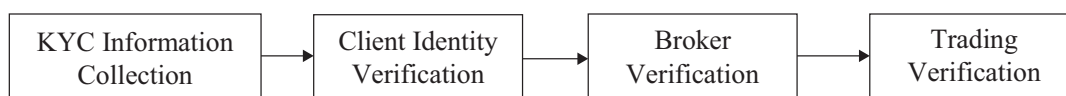
In order to enable our brokerage firm customers to offer online cross-border account opening appointment services, our online account opening appointment services assist our brokerage firm customers to verify the identities of investors by providing essential functionalities, such as information collection, voice and facial recognition, optical character recognition and SMS verification.

Our online account opening appointment services feature its timeliness, security and cost effectiveness. Normally, it takes only two weeks to implement the online account opening appointment function on our securities trading platform software. In addition, the online account opening appointment services also provide a fast, secured and convenient approach for the PRC investors to open trading accounts with our Hong Kong Brokerage Firms customers.

The online account opening appointment services are currently only available on the mobile versions of our securities trading platforms software as biometric technologies, including fingerprint and facial recognition, which are required for identity verification, are usually incorporated in mobile devices.

Workflow

The following flowchart illustrates the key steps of the online account opening appointment by investor clients in Hong Kong Brokerage Firms:



KYC Information Collection: collect KYC information, including, among others, identity information, personal information and investment experience, from the account applicant

Client Identity Verification: for the PRC clients, verify the KYC information and send the information to the PRC certification authorities for issuing the digital certificates to the PRC clients by physical delivery or electronic transfer, or for collection in person; for Hong Kong clients, verify the KYC information and send the information to the Hong Kong certification authorities for issuing the digital certificates for collection in person by the Hong Kong clients

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Broker Verification:	send the KYC information to the brokerage firms for verification to facilitate the opening the trading accounts for the account applicant by using the digital certificates
Trading Verification:	verify the identities of the account applicant for the first-time login by using the digital certificates

Key Terms of Long-term Agreements

During the Track Record Period, we normally entered into the online account opening appointment service agreements with our brokerage firm customers for a term of two years, which is renewable through mutual agreement. Pursuant to such agreements, we are responsible for the customisation and implementation of our online account opening appointment software which is currently available only on the mobile versions of our securities trading platform software. In consideration, our customers shall pay a quarterly or annual fee for our system maintenance and technical support services. Besides, our customers shall also pay a fee per use of various functions by their clients, such as voice and facial recognition, optical character recognition and SMS verification. Both parties shall jointly own the intellectual property rights for the research and development results developed by parties together, if any. However, customers are not permitted to provide or sell such results to any third party without the prior consent from us.

Cloud Infrastructure Services

In order to provide one-stop securities trading platform services, we also provide our customers with cloud infrastructure resources which are essential for the operation of front office trading systems and transmission of market data. Leveraging the strong extendibility of cloud infrastructure resources we subscribed from renowned third-party infrastructure service providers, we are able to offer additional computing, storage and transmission capacities to satisfy customers' operation needs in a timely manner.

We mainly offer packaged cloud infrastructure services to our customers, which include cloud servers and bandwidth of leased lines. We normally entered into cloud infrastructure service agreements with our customers with a term ranging from one to three years, which is consistent with their corresponding subscription term of front-office trading system services and market data services. We charge our customers based on the amount of resources required to support their front-office trading system services and market data services subscribed from us and the unit service price is determined with reference to the relevant charges by our third-party cloud infrastructure service vendors with a mark-up.

In addition, to a lesser extent, we also provided to our customers the server hosting services by hosting their self-own servers installed at the premises of third-party service providers during the Track Record Period. However, with the replacement of hosted servers with cloud servers in our cloud infrastructure services, we also plan to gradually change such customers' preference from using hosted servers to cloud servers.

Other Value-added Services

During the Track Record Period, we also provided customised software development services to our non-brokerage firm customers by developing customised platform software under the customers' brand names. Pursuant to such customised software development service agreements, we usually charge for one-off fees for the development of the software development services for our customers, who will further pay monthly fees for market data and cloud infrastructure resources subscribed from us and share revenue derived from such platforms with us. The term of such customised software development service agreements is normally one year. Customers are not allowed to terminate the agreements unless the remaining contractual commitment under the agreements is paid in full.

In January 2018, we launched our two-factor authentication project, which facilitates and enhances the authentication function of our securities trading platform software. As at the Latest Practicable Date, we had entered 60 service contracts with 60 Hong Kong Brokerage Firm customers.

We plan to launch our new service *iBroker* for brokerage firm customers in the second half of 2018. Pursuant to the service agreement with a Hong Kong Brokerage Firm, we will develop and maintain the *iBroker* system, which aims to build an easy-to-access and vibrant online service platform to connect securities brokers and their clients and enable brokers to offer securities brokerage services and satisfy the various needs of clients. We have cooperated with a third-party technology company in developing *iBroker*. According to our cooperation agreement entered into in January 2018, we will share the revenue generated from *iBroker* with such third-party technology company and will jointly own any intellectual property produced from such cooperation.

We usually charge customers for other value-added services with one-off payments based on estimated time and other costs to be incurred by us. We also charge for recurrent maintenance fee if continuous maintenance services are required.

SUPPORT AND ANCILLARY SERVICES

As an essential components of our service packages, we provide support services, including mainly system operation and maintenance services as well as customer services, to our customers during the service subscription period. We believe that our ability to deliver high-quality support services to our customers will bring better brand loyalty, which may increase subsequent purchases or subscriptions of our newly-developed or enhanced products and services and may offer cross-selling opportunities for our service portfolios in the pipeline. Details of our major support and ancillary services provided to customers are out as below.

Operation and Maintenance Services

We provide continuous operation and maintenance services to customers during the subscription period of our services. Our operation and maintenance services primarily include system deployment, system monitoring, system security, technical support and software

upgrade. Our system operation centre is responsible for the management of on-premise and cloud hardware infrastructure and monitoring the operating status of trading systems through our proprietary system monitoring software. Please refer to the section headed “Business – Hardware Infrastructure” for more information of our hardware infrastructure management services. Our system operation centre and customer service team cooperate with other function departments to provide technical support to remedy defects of our products, including any defect arising out of faulty system design, bugs and programme errors. During the subscription period, our customers enjoy free software upgrades released by us from time to time to cope with changes in the trading rules and regulations and architecture in the financial markets, or modifications for correction of defects and problems, or enhancement of performance of the trading systems and other components of our service portfolios.

Customer Services

We consider customer services as our key brand building tool and critical source for developing and upgrading our service portfolio. We have a dedicated customer service team which offers timely and quality customer services to our customers and end users through diversified channels, including customer hot-lines, emails, fax, instant messaging, internet forums, remote maintenance tools and onsite visiting. Our customer service team works closely with our system maintenance centre and research and development function to solve our customers’ requests and problems. To improve the user experience of our customers and to optimise the performance of our service portfolios, our customer service team collects feedbacks from our institutional customers on a monthly basis. We normally provide customer services to our customers and end users without additional charges during the subscription period.

Ancillary Services

We provide certain ancillary services which are essential for the operations of the securities trading platform software offered by us to our customers. During the Track Record Period, for customers subscribed or purchased our services by using on-premise servers, we could assist customers in installing our self-developed securities trading platform software. If requested by our customers, we may also arrange procurement and installation of standard hardware for them using on-premise hardware infrastructure.

Quality Undertaking

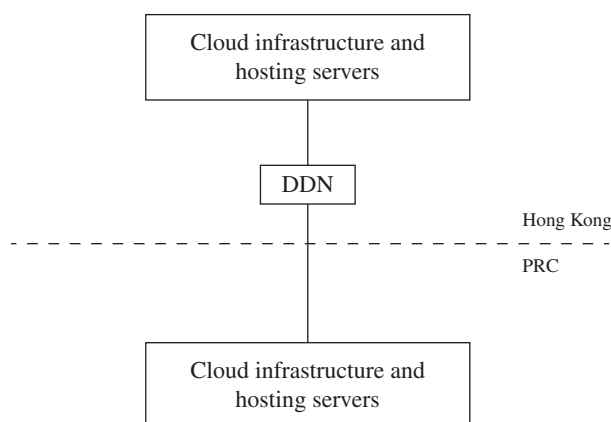
As we do not offer tangible products to customers and our services are provided on subscription basis, after-sales warranty is not applicable to our services. We normally provide undertaking of service standard to our customers, following which, we provide continuous customer services and operation and maintenance services for our securities trading platform software during the subscription period. We also commit to solving any bug, malfunction or problem of our products and services and responding to customers’ queries within a prescribed time.

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During the Track Record Period, we had not received any material complaints or product liability claims from our customers. Except for the expenses incurred for providing daily operation and maintenance services and other services essential for the proper operation of our service portfolios, no significant expenses had been incurred to fulfil our warranty obligations during the Track Record Period. No provisions were made for warranties provided to our customers during the Track Record Period. Moreover, we had not experienced any product recalls or product returns that materially and adversely affected our business operations during the Track Record Period.

HARDWARE INFRASTRUCTURE

We consider our hardware infrastructure system as the foundation of our service offerings. Our hardware infrastructure resources allow us to deliver stable and quality services to customers and end users. The following diagram illustrates the cross-border deployment of the cloud hardware infrastructure used by us:



Our hardware infrastructure resources mainly consists of cloud servers, on-premise servers and DDN leased lines, which are provided by third-party cloud-computing service providers, hardware suppliers and telecommunication service providers, respectively. We have subscribed proprietary cloud server resources with high availability, including computing and storage, network and software resources, in the PRC and Hong Kong from leading cloud-computing service providers. Our cooperation agreements with cloud-computing servers allow us to subscribe additional cloud servers in a timely manner if extra cloud service capacity is required. Most of our on-premise servers are hosted by server-hosting service providers in a safe and stable environment. Data flow between our proprietary cloud infrastructure lines in the PRC and Hong Kong is transmitted by local and cross-border DDN leased lines which are dedicated entirely to our business operations.

The flexibility of our service system allows customers to use their own on-premise hardware infrastructure or cloud leased from third party cloud service providers.

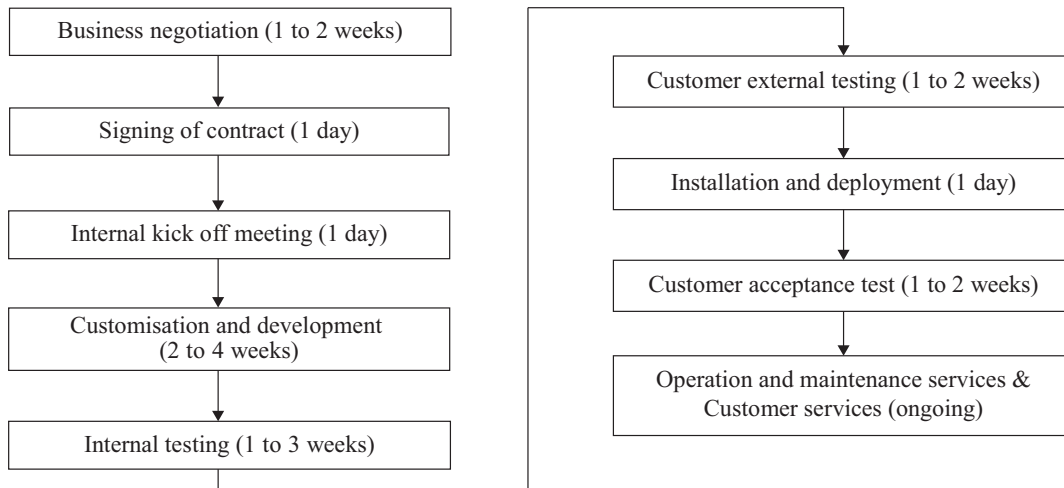
Apart from hardware infrastructure purchased or subscribed for the operation of our service portfolios, we also procure other electronic equipment such as PCs, laptops and mobile devices from time to time, primarily for office use and software development and testing

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purposes. Our constantly updated hardware resources enable us to implement rigid product testing on various hardware environment and operating systems to ensure that our software are compatible with the latest launched devices and operating systems.

WORKFLOW

The following chart sets out the project workflow of providing readily available service portfolios to customers:



The following table describes the details of each step in the above workflow chart:

<i>Business negotiation</i>	Our sales managers introduce our Group and our service to potential customers followed by site visits and cooperation proposal presentation. We also negotiate the service plans and service agreement terms with the potential customers.
<i>Signing of contract</i>	We will finalise the agreement terms and execute the service agreements with customers and issue the invoices to customers.
<i>Internal kick-off meeting</i>	Once we confirm the service agreements have been executed, project managers will convene internal kick-off meetings with other functions, including software development team and customer service team, to commence the projects.
<i>Customisation and development</i>	Our software development team prepares the tools and establishes the environment for development, and customises the software and products based on the project plans and customer requirement manual. The developed software is subject to internal testing by the software team at this step.

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<i>Internal testing</i>	Our testing staff members compile the testing manual, prepare the tools and establish the environment for testing, install the software and test the software. If any bug is identified, software development team will fix the bug and submit the fixed version for re-testing. Once the internal testing is finished, testing staff will prepare a testing report and submit the software to customers for external testing.
<i>Customer external testing</i>	Project managers help customers to prepare tools and environment for external testing and track the bugs identified during such testing period, any bug identified will be fixed by our software development team. For brokerage firm customers, project managers will also help customers to establish the production environment to test the securities trading platform software with the BSS used by our brokerage firm customers. If necessary, customers may apply for a market rehearsal testing to be undertaken during the weekend to the Hong Kong Stock Exchange.
<i>Installation and deployment</i>	Our project managers will deliver the software installation manual to the customers and assist in the software installation and development process.
<i>Customer acceptance test</i>	Customers will sign the product launch confirmation once the software passes the external testing under the production environment. Our project managers will hand over the projects to customer service team and system operation centre once the software is launched. Our customer service team helps customers to prepare the essential materials package for product publication in accordance with the required by application marketplace operators and formally publishes the products.
<i>Operation and maintenance services & Customer services</i>	Our system operation centre will monitor the system operation status and solves system operation problems. Our customer service team will follow up with customers to identify customers' needs, reply customers' queries from our customers and end users and arrange software upgrade.

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Generally, depending on the complexity of the specific requirements of the customer, we require four to five weeks from business negotiation to customer acceptance test. The duration of the above steps may vary due to a number of factors including scope of work, technical complexity and requirements of customers, and may occasionally be lengthened due to additional requests made by our customers.

We have also been committed to developing new types of services and functions at our initiatives, which normally require product design, development, internal and external testing, product launch, operation and maintenance services and customers services. Our new service development project generally requires two to eight months from product design to product launch depending on the complexity of the products or services.

SALES AND MARKETING

We implement various marketing measures to promote our services, including word-of-mouth referrals by our customers, marketing efforts of our sales staff on social networking platform and instant messaging application. Our sales staff visit potential customers regularly to expand the market.

To further enhance the exposure of our brand name among financial institutions and investors, we have co-hosted and provided technical support to our institutional customers for holding simulation trading competitions. In 2014 and 2016, we successfully developed the Hong Kong Stock Connect Simulated Trading Platform* (港股通模擬交易平台) for investor education purposes for the Shanghai Stock Exchange and the Shenzhen Stock Exchange respectively. We believe that the operation of designated simulation trading platforms for the Shanghai Stock Exchange and the Shenzhen Stock Exchange enhanced our brand awareness and attracted additional registered users for our self-operated securities trading platform software *TradeGo Pro*, in particular those investors that wish to trade cross-border on equity, futures, warranties and other financial instruments. Please refer to the section headed “Business – Value-added Services – Simulation Trading Platform Services – Productisation” for more information.

CUSTOMERS

Our Customers and Targeted Markets

Our customers include institutional customers and individual customers. As at 31 March 2018, our customer base consisted of 86 institutional customers and 609 individual customers. As at the same date, 78 of our institutional customers were Hong Kong Brokerage Firms among which, 30 of our institutional customers were PRC Background Brokerage Firms in Hong Kong, and the remaining institutional customers included Tele-Trend Limited, a stock exchange and six financial information providers. Individual customers are investors subscribing our market data services through *TradeGo Pro*.

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The following table sets forth a breakdown of number of customers by customer type as at the dates indicated:

Customer Type	As at 31 March					
	2016		2017		2018	
	<i>number</i>	<i>%</i>	<i>number</i>	<i>%</i>	<i>number</i>	<i>%</i>
Institutional customer	59	54.6	68	19.7	86	12.4
Individual customer	49	45.4	277	80.3	609	87.6
Total	108	100.0	345	100.0	695	100.0

The following table sets forth a breakdown of the number of active users and inactive users of the registered users of our *TradeGo Pro* software:

	As at 31 March					
	2016		2017		2018	
	<i>number</i>	<i>%</i>	<i>number</i>	<i>%</i>	<i>number</i>	<i>%</i>
Active users ⁽¹⁾	49	0.3	277	0.5	609	0.6
Inactive users	19,513	99.7	56,672	99.5	95,149	99.4
Total	19,562	100.0	56,949	100.0	95,758	100.0

Note:

(1) Active users represent users who have subscribed our services on *TradeGo Pro* as at the dates indicated.

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The following table sets forth a breakdown of revenue by customer type as for the periods indicated:

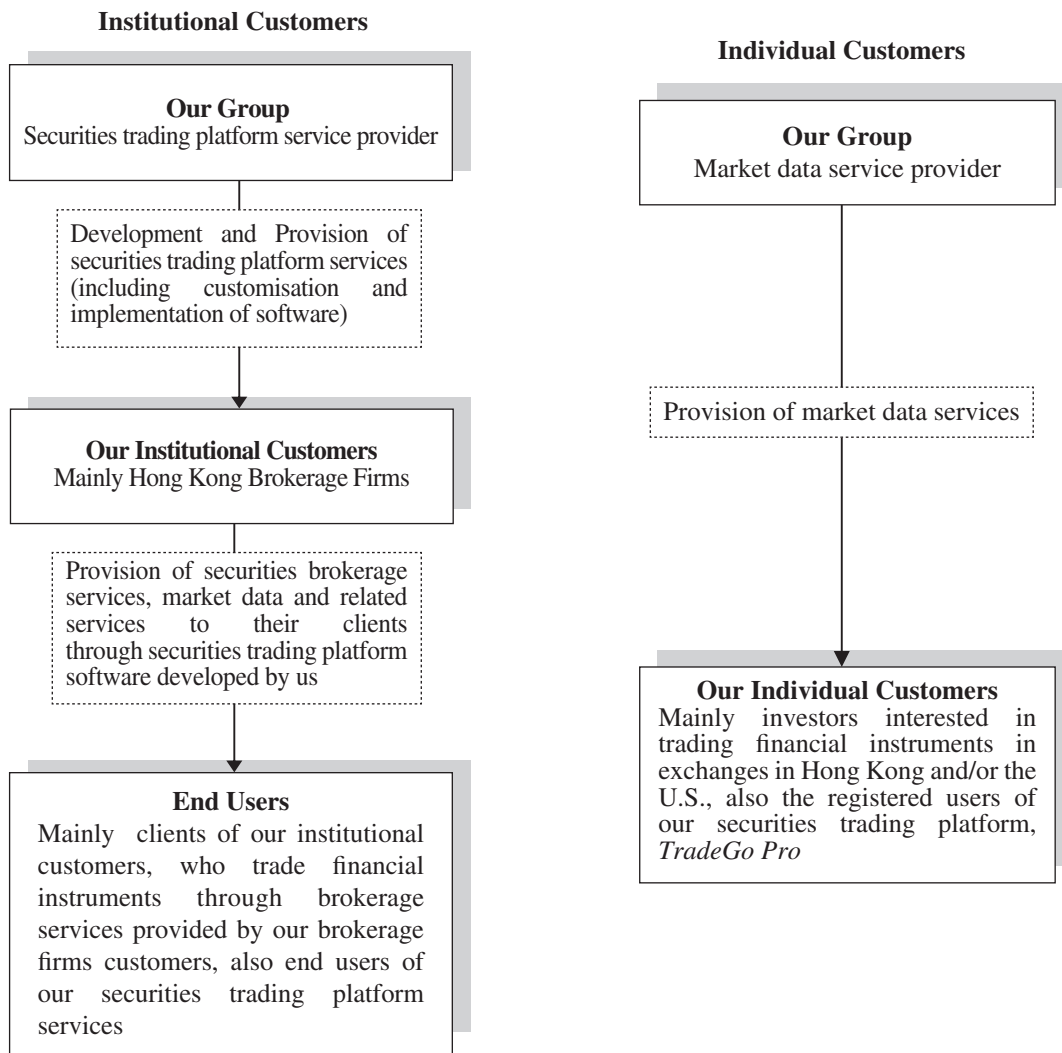
Customer Type	For the year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Institutional customers	33,075	99.4	40,163	99.4	42,765	99.0
Individual customers	202	0.6	235	0.6	444	1.0
Total	<u>33,277</u>	<u>100.0</u>	<u>40,398</u>	<u>100.0</u>	<u>43,209</u>	<u>100.0</u>

We offer our services primarily in Hong Kong and the PRC. During the Track Record Period, Hong Kong was our key market and had the largest revenue contribution. Based on our presence in Hong Kong, we target to introduce our service offerings to financial institutions and investors based in Macau, Taiwan and other overseas markets. The PRC was our second largest market during the Track Record Period. In the PRC, we target to promote our service offerings to investors based in the PRC who have investment incentives to optimise portfolio and outbound investment overseas.

When selecting our customers, we consider and evaluate a number of factors, including their licence of regulated activities, market position, growth potential and innovation requirement. During the Track Record Period, we have strategically focused on the PRC Background Brokerage Firms in Hong Kong which we believe have a higher growth potential and require more financial technology services from us. We believe that our ability to provide integrated securities trading platform services and to expand into more extensive customer base is the key to our rapid growth and success.

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We had provided our services to customers by direct sales and had not sold our services through any distributors, channel partners or sales agents during the Track Record Period and up to the Latest Practicable Date. We usually negotiate and enter into service agreements with institutional customers and provide services to individual customers pursuant to our standard terms and conditions. The following diagrams illustrate (i) the typical relationship between our Group and our institutional customers and the typical relationship between our institutional customers and end users in relation to our securities trading platform services; and (ii) the relationship between our Group and our individual customers who are end users of our market data services, respectively:



We generally do not grant any credit period to our customers. The amounts invoiced to our institutional customers are due and payable upon presentation of invoices. The service fees of our individual customers are generally payable when they subscribe our market data services.

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Five Largest Customers

For the years ended 31 March 2016, 2017 and 2018, sales to our largest customer accounted for 8.0%, 8.3% and 5.6%, respectively, of our total revenue and the aggregate sales to our five largest customers accounted for 31.2%, 26.8% and 20.7%, respectively, of our total revenue. The following tables illustrate the profile of our five largest customers based on our total revenue attributable to them during the Track Record Period:

For the year ended 31 March 2016

Rank	Customer	Principal business activities	Amount of revenue attributable <i>(HK\$'000)</i>	% to our total revenue	Principal services subscribed from us	Credit terms	Payment method	Business relationship with our Group since
1	Customer A	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	2,662	8.0	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
2	Customer B	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	2,281	6.9	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
3	Tele-Trend Limited	a provider of market data and financial information services	1,947	5.9	market data and cloud infrastructure services	payable on presentation of invoices	telegraphic transfer/cheque	2015
4	Customer C	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,868	5.6	front office trading system services, market data services and cloud infrastructure services	payable on presentation of invoices	telegraphic transfer/cheque	2012
5	Customer D	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,611	4.8	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011

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For the year ended 31 March 2017

Rank	Customer	Principal business activities	Amount of revenue attributable (HK\$'000)	% to our total revenue	Principal services subscribed from us	Credit terms	Payment method	Business relationship with our Group since
1	Customer E	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	3,337	8.3	front office trading system services, market data services, simulation trading platform services, online account opening appointment services and cloud infrastructure services	payable on presentation of invoices	telegraphic transfer/cheque	2015
2	Customer C	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	2,033	5.0	front office trading system services, market data services and cloud infrastructure services	payable on presentation of invoices	telegraphic transfer/cheque	2012
3	Customer A	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,920	4.8	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
4	Customer B	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,905	4.7	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
5	Tele-Trend Limited	a provider of market data and financial information services	1,615	4.0	market data and cloud infrastructure services	payable on presentation of invoices	telegraphic transfer/cheque	2015

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For the year ended 31 March 2018

Rank	Customer	Principal business activities	Amount of revenue attributable <i>(HK\$'000)</i>	% to our total revenue	Principal services subscribed from us	Credit terms	Payment method	Business relationship with our Group since
1	Customer C	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	2,435	5.6	front office trading system services, market data services and cloud infrastructure services	payable on presentation of invoices	telegraphic transfer/cheque	2012
2	Customer B	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,857	4.3	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
3	Customer D	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,703	3.9	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
4	Customer A	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,625	3.8	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2011
5	Customer F	the subsidiary of a PRC Background Brokerage Firm in Hong Kong which provides securities brokerage, corporate finance and asset management services	1,338	3.1	front office trading system services and market data services	payable on presentation of invoices	telegraphic transfer/cheque	2012

Except for Tele-Trend Limited, all of our five largest customers during the Track Record Period were Independent Third Parties, and none of our Directors, their associates or any Shareholders (whom to the best knowledge of our Directors owns more than 5.0% in the issued share capital of our Company) held any interest in any our five largest customers during the Track Record Period and up to the Latest Practicable Date.

Overlapping Customer and Supplier

During the Track Record Period, Tele-Trend Limited, being one of our five largest customers for the years ended 31 March 2016 and 2017, was also our supplier. During the Track Record Period, Tele-Trend Konson was sub-licensed by Tele-Trend Limited to disseminate the market data of Hong Kong Stock Exchange and Hong Kong Futures Exchange to its customers. Therefore, Tele-Trend Konson subscribed the relevant market data from Tele-Trend Limited and made payment for such market data subscription, (the “**TT Market Data Subscription**”). Please refer to the section headed “Business – Suppliers – Market Data Suppliers – Market Data Vendor Licence Agreement with Exchanges and Other Market Data Vendor – Sub-licence by Tele-Trend Limited” for more information. Tele-Trend Konson also entered into an equipment lease and service agreement with Tele-Trend Limited on 8 July 2014 (but effective from 1 January 2014), which was revised by supplemental agreements dated April 2015, July 2016 and January 2017 (collectively, the “**Equipment Lease and Service Agreements**”; the transactions contemplated thereunder and other services, the “**TT Lease and Other Services**”). Pursuant to the Equipment Lease and Service Agreements, Tele-Trend Limited agreed to provide certain market data and other services to Tele-Trend Konson with agreed fees, which include (i) provision of data connection and technical support services for the transmission of the real-time market data and index data; (ii) provision of the use of an office in Hong Kong and certain supporting services in respect of certain computers, other equipment and bandwidth of data lines; and (iii) use at certain cabinets and certain bandwidth of Hong Kong local leased line. In addition, as confirmed by the Directors, Tele-Trend Limited and Tele-Trend Konson also agreed that Tele-Trend Limited will be entitled to 30% of our relevant net income derived from provision of market data services in relation to HKEX to any customer referred by Tele-Trend Limited as commission. For the years ended 31 March 2016 and 2017, our purchases from Tele-Trend Limited mainly include payment for market data subscription and connection, leasing of office, hardware infrastructure usages and customer referral. During the Track Record Period and up to the Latest Practicable Date, one of our customers was referred by Tele-Trend Limited and we paid commission fee in the amount of HK\$33,000 to Tele-Trend Limited, save for which, Tele-Trend Limited and the Group had no further transaction as to customer referral during the Track Record Period and up to the Latest Practicable Date and such customer referral arrangement was terminated with effect from 31 December 2017.

During the Track Record Period, Tele-Trend Limited was also one of our customers subscribing market data of PRC and U.S. exchanges and the cloud infrastructure services. The market data services and cloud infrastructure services were provided by our Group to Tele-Trend Limited at prices comparable to the service prices generally offered by other Independent Third Parties during the Track Record Period.

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The following table sets forth our sales to and purchase from Tele-Trend Limited in absolute amount and percentage as to our total revenue or purchase during the Track Record Period:

	For the year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Sales to Tele-Trend Limited	1,947	5.9	1,615	4.0	192	0.4
Purchase from Tele-Trend Limited	7,727	79.6	7,245	71.2	200	1.7

The following table sets forth details of the products and services sold to and purchased from Tele-Trend Limited by our Group during the Track Record Period. There was no overlap between our sales to and our purchases from Tele-Trend Limited during the Track Record Period and up to the Latest Practicable Date. Please also refer to the section headed “Relationship with our Controlling Shareholders – Independence of Our Group” in this prospectus for more information.

Nature of Sales/Purchases	Amount			Reason
	For the year ended 31 March			
	2016	2017	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Sales to Tele-Trend Limited (i) Market data services in respect of Shanghai Stock Exchange, Shenzhen Stock Exchange and NASDAQ and the cloud data port for data transmission	562	990	150	Tele-Trend Limited was involved in financial analytic and research activities of the PRC and U.S. market data and had demand for market data of the PRC and U.S. exchanges. Also, we believed it would be more time and cost efficient for Tele-Trend Limited to source market data from our Group instead of other vendors as both Tele-Trend Limited and our Group adopted the same data format and the transmission of market data between Tele-Trend Limited and our Group did not require data format conversion and therefore saved its costs on data format conversion.

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Nature of Sales/Purchases	Amount			Reason
	For the year ended 31 March			
	2016	2017	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(ii) Cloud infrastructure services in respect of the cloud servers and bandwidth of leased lines	1,385	625	42	To the best knowledge and belief of our Directors, Tele-Trend Limited's financial analytic and research activities in the PRC required cloud servers and data line in the PRC and it planned to migrate from physical servers to cloud servers as its physical server facilities reached full capacity. Tele-Trend Limited engaged the Group as its vendor in respect of the cloud infrastructure services because Tele-Trend Limited itself did not have the required cloud facilities in the PRC and it would be more economical to lease data servers at the same location of the market data vendor. In addition, Tele-Trend Limited had a long-term business relationship with our Group and our Group could offer more flexible terms than other third-party vendors.
Purchases from Tele-Trend Limited				
I. TT Market Data Subscription	7,466	6,832	Nil	Tele-Trend Konson was sub-licensed by Tele-Trend Limited to disseminate the market data of HKEX to its customers during the Track Record Period. Therefore, Tele-Trend Konson subscribed the market data of HKEX from Tele-Trend Limited and made payment for such market data subscription. Please refer to the section headed "Business – Suppliers – Market Data Suppliers – Market Data Vendor Licence Agreement with Exchanges and Other Market Data Vendor – Sub-licence by Tele-Trend Limited" for more information.
Provision of market data in relation to HKEX				
II. TT Lease and Other Services	240	360	200	Data connection and technical support services from Tele-Trend Limited was required for the transmission of market data.
(i) Provision of data connection and technical support services for the transmission of market data				

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Nature of Sales/Purchases	Amount			Reason
	For the year ended 31 March			
	2016	2017	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(ii) Leasing of a Hong Kong office and provision of certain supporting services in connection with the leased premises, including hosting of computers and network equipment and other office administrative services, such as the use of the premise as the mailing address of Tele-Trend Konson	60 ⁽¹⁾	60 ⁽¹⁾	50 ⁽¹⁾	Tele-Trend Konson leased a Hong Kong office from Tele-Trend Limited mainly because Tele-Trend Konson needed office space in Hong Kong for business operations.
(iii) Leasing of certain server cabinets and certain bandwidth of Hong Kong local leased line.	31 ⁽¹⁾	52 ⁽¹⁾	Nil ⁽¹⁾	To transmit the market data from the data port of Tele-Trend Limited to the market data servers of Tele-Trend Konson and to fulfil the needs of Tele-Trend Konson and its customers for the hosting of certain computer equipment, as Tele-Trend Konson was lack of relevant equipment. The use of certain server cabinets was no longer required by Tele-Trend Konson as it had its own server cabinets to host computer equipment.
(iv) Customer referral	33 ⁽¹⁾	Nil ⁽¹⁾	Nil ⁽¹⁾	As Tele-Trend Limited and Tele-Trend Konson have different business focuses, service packages and resources, Tele-Trend Limited may refer customer to Tele-Trend Konson in return for 30% of our net income derived from provision of market data services in relation to HKEX to the referred customers as commission

Note:

- (1) Certain payments to Tele-Trend Limited concerning (i) lease of Hong Kong office and use of certain supporting services; (ii) use of certain server cabinets and certain bandwidth of Hong Kong local leased line; and (iii) customer referral were recognised as selling, general and administrative expenses rather than direct costs of our Group during the Track Record Period.

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Our Directors confirm that our sales to and our purchases from Tele-Trend Limited were (i) entered into after the due consideration taking into account the prevailing purchase and selling prices at the relevant times, (ii) conducted in the ordinary course of business under normal commercial terms and on an arm's length basis, and (iii) at prices that are no less favourable than from other Independent Third Parties who are not customer-supplier. To the best knowledge of our Directors, we did not have any other overlap between our other major customers and major suppliers during the Track Record Period and up to Latest Practicable Date.

For detailed information about the relationship and transactions between our Group and Tele-Trend Limited, please refer to the sections headed "Relationship with our Controlling Shareholders – Independence of Our Group" in this prospectus.

Tele-Trend Konson was the then subsidiary of Tele-Trend Limited and Tele-Trend Limited provided market data to Tele-Trend Konson by nature of sub-licence during the Track Record Period. Therefore, with respect to the subscription fees paid by the Group for Tele-Trend Limited's market data services, we made payments for such market data subscription directly to the designated data dissemination entity of HKEX during the Track Record Period and did not identify any markup charged by Tele-Trend Limited in this regard. This is because we understand that sub-licensing of market data was not part of the ordinary course of business of Tele-Trend Limited at the material time, therefore Tele-Trend Limited did not regard Tele-Trend Konson as a customer from which it would generate profit and did not charge mark-up on top of the market data subscription fee charged by the designated data dissemination entity of HKEX for the market data provided to our Group. Also, to the best knowledge of our Directors, neither our Group nor Tele-Trend Limited is aware of any industry practice in relation to the sub-licensing services. Promptly after we had entered into market data vendor licence agreements directly with the designated data dissemination entity of HKEX and HSI Services Limited in March 2017 and June 2017, respectively, we ceased to subscribe market data services from Tele-Trend Limited. The Group has also secured backup data connection services from HKEX in December 2017, and Tele-Trend Limited ceased to provide any of the services contemplated under the Equipment Lease and Service Agreements since February 2018.

Pricing Strategies

The pricing of our front office trading system services is generally determined and adjusted with reference to (i) the number of operating systems and platforms to be supported by our securities trading platform software as registered by the customer, for example, Microsoft Windows, Mac OS, iOS, Android and Web browser; (ii) volume of the trading servers subscribed by the customer, which determines the number of end users which are allowed to use the trading platform software and the number of transactions to be simultaneously executed by the end users through the securities trading platform software; (iii) the number of supported exchanges for which trading function is required; (iv) the years of business relationships with the customers; and (v) service fees charged by our competitors; and (vi) the negotiation with our customers. In relation to our market data services, the amount of

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fees payable by institutional customers depends on the number of market data end users, the types and levels of market data and the financial markets of which the market data are provided. Our charge for market data services is normally based on a usage fee per year, per month or per quote, giving different options and choices to our customers. For further details, please refer to the section headed “Financial Information – Major Factors Affecting Our Results of Operations – Pricing of Our Services” in this prospectus.

We believe that our value-based pricing policies distinguish us from our competitors, as we provide flexibility to our customers depending on their demand elasticity while at the same time we maintain a high degree of control over the prices of our service portfolios which allows us to focus on the returns of investment for our core technologies.

SUPPLIERS

Our suppliers are mainly located in Hong Kong, the PRC and the United States, which primarily consist of market data suppliers and cloud infrastructure service providers.

Our suppliers are selected through stringent assessment process, taking into account a series of criteria including qualification, service quality, supply capacity, price, operation status and credibility. As at 31 March 2018, we had three staff members who were generally responsible for procurement. The main responsibilities of the procurement staff include: (i) to review the procurement requests prepared by our research and development function and sales and marketing function; and (ii) to identify and contact suitable suppliers of our Group; (iii) to negotiate and liaise the terms with the suppliers.

Market Data Suppliers

As at the Latest Practicable Date, we had entered into market data vendor licence agreements with the market information service companies of stock and future exchanges and one market data vendor with respect to the market data supply for the Hong Kong Stock Exchange, the Hong Kong Future Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ. For the years ended 31 March 2016, 2017 and 2018, our purchases from market data suppliers amounted to HK\$8.1 million, HK\$8.1 million and HK\$9.1 million, respectively, accounting for 83.7%, 79.9% and 76.5%, respectively, of our total purchases during the same periods.

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Market Data Vendor Licence Agreement with Exchanges and Other Market Data Vendor

Key Terms of Market Data Vendor Licence Agreement

Our market data vendor licence agreements with the designated data dissemination entity of exchanges and other market data vendor typically include the following principal terms:

Duration	No fixed term, which could be terminated by either party giving prior notice to the other party or a fixed term of one year, which is renewable automatically or upon mutual agreement by parties.
Exclusivity and Transferability	The licence is generally granted on a non-exclusive and non-transferable basis.
Type of Information	The information licenced include certain types of real-time and/or delayed securities market data, derivatives market data and/or index data. Please refer to the section headed “Business – Our Services – Market Data Services – Service Coverage and Licences” in this section for details.
Permitted Use of Information	Subject to certain exemptions with respect to a related company and an approved third party, the licensee may not assign, transfer or sub-license the right to disseminate the information to subscribers to any other person. For market data from certain exchanges, the licensee is only permitted to disseminate market data in designated locations. Please refer to the section headed “Business – Our Services – Market Data Services – Service Coverage and Licences” in this section for details.
Deposits	Certain market data vendor licence agreement, the licensee shall pay a certain amount of deposit for the licence of securities market data and derivatives market data respectively, which is refundable without interest or compensation after a certain period after the termination of the agreement or after settlement of the last outstanding claim by the licensor.

Licence Fees

The licence fee is usually comprised of fixed fee, which includes, among others, redistribution fee, connection fee and data utilisation fee, and the volume-based fees, which includes, among others, subscriber fee, equipment fee and communication fee. The subscriber fee is calculated based on the number of end user receptors of the licensee-derived information with a minimum subscriber fee. Depending on the number of the end user receptors, the licensee may enjoy discounts of subscriber fees as specified in the relevant agreements.

Auditing and Inspection

Certain agreements require the licensee to maintain complete and accurate records on the calculation of volume-based fees, such as the subscriber fee, and that the licensor or the vendor shall have the right to inspect such records and all relevant documents and conduct auditing on such records at their own costs of the licensor or vendor. In the event that the inspection establishes that the licensee had underpayment exceeding a certain threshold, the licensee shall pay back such underpayment as requested.

Payment of Fees

The licensee usually pays the fixed license fee quarterly, biannually or annually and pays the subscriber fee monthly based on the number of end user receptors in the designated month and quarter.

Penalty

In some agreements, the licensee is liable for fixed monetary penalty for its material breach of contract. In addition, certain agreements provide that in the event that the licensee uses the licensed information or provides services outside the scope of the permitted purpose or in a manner materially different to that agreed, the licensor shall be entitled to re-define or re-classify the agreed services and then require the licensee to promptly pay the re-classified services as if those services had been so classified from the date when they were first so provided. During the Track Record Period, we had not been subject to any penalty arising from the breach of relevant market data contracts.

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Termination

The agreements can generally be terminated by either party without specific reasons by giving prior written notice ranging from 30 days to 180 days. The agreements can also generally be terminated immediately by either party for certain reasons, which include, among others, material breach of the agreements; winding-up, appointment of receiver over or judgement or levy being made against any assets, becoming a party of any scheme, arrangement or composition with any creditors; or cessation of calculation of fees and dissemination of information by the licensors or vendors.

Sub-Licence by Tele-Trend Limited

During the Track Record Period, being a connected person of our Company and a former shareholder of our Hong Kong operating subsidiary, Tele-Trend Limited was licensed to distribute the market data of the Hong Kong Stock Exchange and Hong Kong Futures Exchange based on a market data vendor licence agreement with the designated data dissemination entity of HKEX dated 22 August 2011 (the “**TT Licence Agreement**”). The TT Licence Agreement provides that, subject to other restrictions, Tele-Trend Limited is permitted to sub-license to its related company, being any other company which is for the time being a holding company of the licensee or a subsidiary company of the licensee or a subsidiary of a holding company of the licensee, the right to disseminate the market data of the Hong Kong Stock Exchange and the Hong Kong Futures Exchange to subscribers. Pursuant to the TT Licence Agreement, Tele-Trend Limited sub-licensed Tele-Trend Konson to disseminate such market data to its customers. However, as part of the Reorganisation, Tele-Trend Konson ceased to be a related company of Tele-Trend Limited following a share transfer completed on 27 July 2015, after which Tele-Trend Limited’s equity interest in Tele-Trend Konson decreased to 34.2%. Please refer to the section headed “History, Reorganisation and Development – Reorganisation – (B) Acquisition of Hong Kong and PRC Entities” in this prospectus for more information.

Due to the Reorganisation mentioned above, on 31 March 2017, Tele-Trend Konson entered into a market data vendor licence agreement with the designated data dissemination entity of HKEX with similar terms and arrangements of the TT Licence Agreement and have been licensed to distribute market data directly from 1 April 2017 (the “**TTK Licence Agreement**”). For detailed information about the relationship and transactions between our Group and Tele-Trend Limited, please refer to the section headed “Relationship with our Controlling Shareholders – Independence of Our Group” in this prospectus for more information.

TT Licence Agreement

On 16 July 2015, Tele-Trend Limited, Mr. Liu Yong and Mr. Liu Zhenyu, as vendors, and TradeBook Global, as purchaser, entered into a sale and purchase agreement (the “SPA”) in respect of the transfer of the entire issued share capital of Tele-Trend Konson. Our Group first contemplated the need for Tele-Trend Konson to obtain a market data vendor licence during the time of negotiation of the terms of the SPA with Tele-Trend Limited, i.e. before or around July 2015, as Tele-Trend Konson would be operationally and financially independent from Tele-Trend Limited upon completion of the SPA.

Major terms of the SPA, among others, included that Tele-Trend Limited should use its best endeavours to: (i) ensure Tele-Trend Konson and its subsidiaries, under normal circumstances, to carry out its daily business operations, to utilise its assets, to fulfil all existing contractual obligations with any third parties, and to pay its trade-related debt obligations, before and at the time of the completion of the SPA; and (ii) assist Tele-Trend Konson to obtain the market data vendor licence of the Stock Exchange prior to the completion of the SPA.

Subsequently, completion of the SPA took place in two stages. The first stage was completed on 27 July 2015 and the second stage, originally scheduled by no later than 30 June 2016, was completed on 22 December 2016. Prior to the second stage completion of the SPA, Tele-Trend Konson submitted its application to the Stock Exchange for the market data vendor licence on 6 December 2016 with a view that it should have been able to obtain the market data vendor licence prior to the completion of the SPA and the said market data vendor licence was granted on 31 March 2017.

During all the material times from entering into the SPA to March 2017 (the “**Relevant Period**”), we were not aware of the detailed terms of the TT Licence Agreement as (i) none of our Directors were responsible for overseeing or execution of the TT Licence Agreement or any other contracts entered into by Tele-Trend Limited; and (ii) while our Directors were well-experienced in the business operations of Tele-Trend Konson, they were not familiar with the detailed terms of the TT Licence Agreement since the TT Licence Agreement, and any other contracts entered into by Tele-Trend Limited, are and were at all material times the property of Tele-Trend Limited, and we did not have access to it. It was an inadvertent oversight that we did not seek specific legal advice on the TT Licence Agreement at the Relevant Period and simply relied on Tele-Trend Limited’s covenants in the SPA as mentioned above.

In January 2017, our Group formally commenced its application process for the proposed listing of its shares on GEM. It was not until March 2017 that our Group became aware of the issues arising out of the TT Licence Agreement at the time of the first stage completion of the SPA when the Sole Sponsor and other professional parties involved in the proposed Listing requested for and reviewed the TT Licence Agreement. As advised by the Hong Kong Legal Counsel, Tele-Trend Konson, not being a contract party to the TT Licence Agreement, would not be liable for any contractual claim.

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During the Relevant Period, relying on the terms of the SPA and through entering into service contracts with Tele-Trend Limited, our Group continued to use the market data licensed to Tele-Trend Limited by the Stock Exchange. Our Directors honestly believed that Tele-Trend Konson needed a market data vendor licence following the completion of the SPA and our Group could legally rely on the terms of the SPA to continue to use the market data provided by Tele-Trend Limited during the Relevant Period. Further, as confirmed by our Directors, all fees for subscribing the market data services during the Relevant Period have been paid to the Stock Exchange.

Taking into account the aforesaid circumstances, our Directors are of the view that the issues relating to the TT Licence Agreement should not affect the suitability of our Directors under GEM Listing Rule 5.02 on the following bases:

1. Our Directors were not responsible for overseeing or execution of the TT Licence Agreement or any other contracts entered into by Tele-Trend Limited and were not aware of the said issues until the due diligence process for the proposed Listing has commenced.
2. During the Relevant Period, our Group has used its best endeavours to ensure that it was not perceived as being a licensee of the Stock Exchange and maintained the status quo in respect of the market data until March 2017 by adopting the same procedures that have been in place prior to July 2015. Our Directors had procured Tele-Trend Konson to comply with all applicable payment and reporting obligations to the Stock Exchange during the Relevant Period and we have continued to comply with all applicable payment and reporting obligations pursuant to the terms of the TTK Licence Agreement since 31 March 2017.
3. There is no breach of contract on the part of our Group.
4. Our Directors did not misrepresent to or mislead any parties during the Relevant Period. The counterparty in the SPA, Tele-Trend Limited, was fully aware of the circumstances of our Group.

According to the compliance policy of our Group implemented in June 2017 (the “**Compliance Policy**”), the compliance department of our Group (the “**Compliance Department**”) is responsible for setting up policy and procedures to ensure each and every subsidiary of our Group complies with all applicable laws and regulations of the relevant authorities. The Compliance Department which comprises of 5 staff members is in charge of all licence related matters and its adoption of the relevant internal control measures and its persons-in-charge are responsible to ascertain, assess, supervise, monitor and report on the suitability of our Group’s internal procedures for the purpose of complying with all applicable laws and regulations of the relevant authorities. In particular, the Compliance Department shall (1) confirm the relevant internal control procedures are able to satisfy the regulatory requirements of the relevant regulatory bodies; (2) establish, communicate, supervise and execute effective compliance policy and procedures; (3) report to the management of our

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Group in respect of applicable regulatory requirements and assist the management to discharge their responsibilities in respect of managing compliance risk; (4) provide assistance, supervision and training to relevant business departments and staff members in relation to compliance; (5) regularly report to our Board and the management of our Group in respect of our compliance with relevant regulatory requirements and internal policies and procedures; and (6) report to relevant regulatory bodies should our Group engage in any illegal activity.

We have designated Mr. Wan Yong, an executive Director, as the head of our compliance department to oversee all compliance matters. In addition, Mr. Liao Jicheng and Mr. Zhuang Wenxiao had also been designated as the persons responsible for reviewing contracts. For their qualification and experience, please refer to the section headed “Directors and Senior Management”.

Cloud Infrastructure Service Provider

We negotiate different types of service subscription agreements with cloud infrastructure service provider, which primarily include cloud computing service agreements, server hosting service agreements and leased line agreements. Such service subscription agreements set forth terms in relation to, among other things, scope of services, standards of services, procedures for adjusting the services subscribed, warranties for service quality and compensation policy. The term of such service subscription agreements is typically 12 or 24 months and are automatically renewable for one year upon expiration, unless either party objects in writing no later than 30 days prior to expiration. In certain circumstances, either party may terminate such agreement unilaterally by giving a written notice 30 days to two months in advance. Termination right also arises in case of specific events, such as either contracting party’s default or bankruptcy and is subject to certain monetary compensation obligations. Service fees are typically payable in the form of recurrent fee for each period ranging from one month to half year, and are determined based on different standard unit subscription fee fixed by these service providers, such as per Ghz for computing capacity, per GB for storage or memory capacity, and per Mbps for bandwidth of data transmission. In addition, some suppliers charge an initial set up fee before the commencement of service. Subject to prior notice from five days to 10 days, adjustment on the scope and quantities of service is normally permitted under such service subscription agreements. One of our major cloud computing service suppliers allows immediate adjustment of service capacities through online confirmation.

During the Track Record Period, we had not experienced any breach of supply agreements which would result in any material adverse impact on our business operations.

Five Largest Suppliers

For the years ended 31 March 2016, 2017 and 2018, purchases from our largest supplier, accounted for 79.6%, 71.2% and 63.3%, respectively, of our total purchases, while purchases from our five largest suppliers accounted for 92.0%, 94.4% and 86.7%, respectively, of our total purchases during the same periods. Except for Tele-Trend Limited, all of our five largest suppliers during the Track Record Period were Independent Third Parties. None of our

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Directors, their associates or any Shareholder (whom to the knowledge of our Directors owns more than 5.0% of our issued share capital) held any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, except for Tele-Trend Limited, none of our five largest suppliers is also our customer.

The following tables set forth certain information of our five largest suppliers during the Track Record Period:

For the year ended 31 March 2016

Rank	Supplier	Principal business activities	% to our total purchases	Principal goods/ service sourced	Credit terms	Payment method	Business relationship with our Group since
1	Tele-Trend Limited	a provider of market data and financial information services	79.6	market data, lease of office and related supporting services	no credit term or payable on presentation of invoices within 30 days after the invoice date payable on presentation of invoices	Cheque	2011
2	Supplier A	a leading developer and operator of data centre	3.6	cloud infrastructure	payable on presentation of invoices	Cheque/ Telegraphic transfer	2015
3	Supplier B	a provider of cloud computing and data centre services in the PRC	3.1	cloud infrastructure	payable on presentation of invoices	Telegraphic transfer	2015
4	Supplier C	an operator of exchanges and a provider of financial market services in the U.S.	3.0	market data	payable on presentation of invoices	Telegraphic transfer	2013
5	Supplier D	one of the largest cloud infrastructure services and server hosting services providers	2.7	cloud infrastructure	advance payment	Telegraphic transfer	2013

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For the year ended 31 March 2017

<u>Rank</u>	<u>Supplier</u>	<u>Principal business activities</u>	<u>% to our total purchases</u>	<u>Principal goods/ service sourced</u>	<u>Credit terms</u>	<u>Payment method</u>	<u>Business relationship with our Group since</u>
1	Tele-Trend Limited	a provider of market data and financial information services	71.2	market data, lease of office and related supporting services	no credit term or payable on presentation of invoices within 30 days after the invoice date or within ten days after the beginning of the relevant payment periods	Cheque	2011
2	Supplier A	a leading developer and operator of data centre	11.8	cloud infrastructure	advance payment	Telegraphic transfer	2015
3	Supplier E	the market information services company of one of the major stock exchange in the PRC	4.8	market data	advance payment	Telegraphic transfer	2015
4	Supplier F	the market information services company of one of the major stock exchange in the PRC	4.1	market data	advance payment	Telegraphic transfer	2015
5	Supplier B	a provider of cloud computing and data centre services in the PRC	2.5	cloud infrastructure	payable on presentation of invoices	Telegraphic transfer	2015

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For the year ended 31 March 2018

Rank	Supplier	Principal business activities	% to our total purchases	Principal goods/ service sourced	Credit terms	Payment method	Business relationship with our Group since
1	Supplier G	designated data dissemination entity of HKEX	63.3	market data	no credit term or payable on presentation of invoices within 30 days after the invoice date or within ten days after the beginning of the relevant payment periods	Cheque	2017
2	Supplier A	a leading developer and operator of data centre	10.4	cloud infrastructure	(i) payable upon execution of contract; or (ii) payable within 30 days after the invoice date	Telegraphic transfer	2015
3	Supplier H	a leading provider and operator of cloud data centre solution	4.7	cloud infrastructure	advance payment	Cheque	2017
4	Supplier F	the market information services company of one of the major stock exchange in the PRC	4.2	market data	advance payment	Telegraphic transfer	2015
5	Supplier E	the market information services company of one of the major stock exchange in the PRC	4.1	market data	advance payment	Telegraphic transfer	2015

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LICENCES, PERMITS AND APPROVALS

Based on the opinion of our PRC Legal Adviser and Hong Kong Legal Counsel, our Directors have confirmed that we have obtained all relevant licences, permits and approvals necessary to conduct our business operations in the PRC and Hong Kong and as at the Latest Practicable Date, such licences, permits and approvals remained in full effect, and no circumstances existed that would render their revocation or cancellation. Our Directors also confirmed that as at the Latest Practicable Date, there is no legal impediment to renew such licences, approvals and permits (if applicable).

RESEARCH AND DEVELOPMENT

Research and development is essential to our business. The core values of our service portfolios are realised through our capabilities of simplifying and structuring of the presentation of technical data, dedication to performance excellence and distinguished product and service quality, which have been consistently reflected in all of our service offerings. We devote significant resources to the research and development of new service portfolios. We recognised research and development costs of HK\$3.4 million, HK\$6.4 million and HK\$9.2 million for the years ended 31 March 2016, 2017 and 2018 of which HK\$1.8 million, HK\$3.9 million and HK\$4.3 million, respectively, was capitalised as intangible assets for the relevant periods. Such research and development costs represented 10.2%, 15.8% and 21.3% of the our revenue during the same periods, respectively. We intend to continue to invest substantial resources in research and development activities in connection with the development of new service portfolios.

We have a strong track record of service innovation throughout our history. In 2010, we rolled out our first securities trading platform software, *Hong Kong Stock Express* (港股快車) on PC, which enables investors to conduct financial trading and receive market data through the same trading platform software. In 2014, we introduced our trading platform, *TradeGo Pro* which provides our customers and end users access to a diversified range of financial products through various brokerage firms. Since then, we have continued to enhance and expand service portfolios to our customers. We upgraded our front office trading system services to facilitate the Shanghai-Hong Kong Stock Connect in 2014 and to facilitate the Shenzhen-Hong Kong Stock Connect in 2016. In 2016, we first introduced our CMS Plus trading system, which was a new front office trading system service offering brokerage firms with additional financial market access worldwide. Our open securities trading platform, *TradeGo Pro*, features programme functionalities, upgrades and enhancements with data back-up and recovery, which provides even wider service choices to end users as compared to our services delivered through customised securities trading platform software. In January 2017, we launched our online account opening appointment services, which features the identity verification of the PRC end users through the technological support by a recognised PRC certification authority, which enhanced the efficiency for opening online trading account with Hong Kong Brokerage Firms. In June 2016, we have entered into a renewable business cooperation agreement with a PRC software company for the joint development of software component for our online account opening appointment service. Please refer to the section headed “Business – Our Services – Value-added Services – Online Account Opening Appointment Services – Business Partnership” for details.

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We have continuously developed new service offerings by improving our existing designs and incorporating the latest technologies. Our research and development team also works closely with our customer service team to upgrade our existing products and services based on the feedbacks collected from our customers and end users. Our customer service team have daily liaison with our research and development function regarding our customers' specific requests and feedbacks on our products and services, which constitutes an important basis for us to closely follow the latest industrial trends and customer preferences, as well as to continuously upgrade and expand our service offerings.

Pipelined Research & Development Projects

The following table sets forth the details of our pipelined research and development projects:

<u>Project</u>	<u>Nature of the project</u>	<u>Launch time</u>	<u>Development status as at the Latest Practicable Date</u>	<u>Amount of development capital expenditure incurred up to the Latest Practicable Date</u> <i>HK\$</i>	<u>Amount of development capital expenditure expected to be incurred</u> <i>HK\$</i>
<i>iBroker</i>	the second phase of <i>iBroker</i> platform will support new functions which enable securities brokers to better connect with their clients and conduct IPO applications for their clients in a convenient and timely manner. It will also optimise the user experience of the client software.	second half of 2018	As at the Latest Practicable Date, we have entered into one service contract with one Hong Kong Brokerage Firm customer. As at 31 March 2018, we had not generated any revenue from this service.	1.9 million	Nil

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<u>Project</u>	<u>Nature of the project</u>	<u>Expected launch time</u>	<u>Amount of development capital expenditure incurred up to the Latest Practicable Date</u> <i>HK\$</i>	<u>Amount of development capital expenditure expected to be incurred</u> <i>HK\$</i>
China-Hong Kong Stock Connect Data Analyst (中港通數據寶)	China-Hong Kong Stock Connect Data Analyst will be an analytical tool tracing and covering comprehensive dimension of capital investment of stocks listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect regime.	second half of 2019	Nil ⁽¹⁾	6.1 million ⁽²⁾
Trading Counter Product (交易櫃 檯產品)	Trading Counter Product will be an integrated front office and back office trading system which expedite the processing of trading orders from investors.	second half of 2019	Nil ⁽¹⁾	8.6 million ⁽³⁾

Notes:

- (1) We had not incurred any development capital expenditure for China-Hong Kong Stock Connect Data Analyst and Trading Counter Product as the research and development of these two projects had not started as at the Latest Practicable Date.
- (2) Among which HK\$3.6 million will be sourced from the proceeds from the Share Offer and HK\$2.5 million will be sourced from our general working capital.
- (3) Among which HK\$4.7 million will be sourced from the proceeds from the Share Offer and HK\$3.9 million will be sourced from our general working capital.

Transfer Pricing Arrangement

We centralise all of our design, research and development and most of our administrative and supporting functions in Tele-Trend Konson SZ, located in Shenzhen Fenghua Technology Tower, as we believe such arrangement would be able to improve the cost-efficiency of our Group's business operations. During the Track Record Period, most of our sales were made by Tele-Trend Konson as most of our institutional customers were Hong Kong Brokerage Firms

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and made payment to Tele-Trend Konson. Therefore, Tele-Trend Konson made monthly payments to Tele-Trend Konson SZ pursuant to the technical support and maintenance agreement between them. During the Track Record Period, in relation to its overall services provided to Tele-Trend Konson, Tele-Trend Konson SZ recognised income of HK\$26.4 million, which included a fee adjustment in 2017 to retrospectively remunerate Tele-Trend Konson SZ for its services provided during the period from 1 April 2013 to 31 March 2016, (the “**Fee Adjustment**”).

We engaged an independent tax adviser in 2017 to conduct a benchmarking study on the transfer pricing arrangement in relation to Tele-Trend Konson SZ. After reviewing such benchmarking study, our Directors are of the view that our transfer pricing arrangement was conducted on an arm’s length basis for the period from 1 April 2013 to 31 March 2018. As at the Latest Practicable Date, we had not been subject to any PRC penalties regarding transfer pricing, nor had we received any transfer pricing enquiry from any PRC tax authorities on Tele-Trend Konson SZ. Based on the benchmarking study, we have conducted internal review and our Directors are of the view that (i) our Group’s transfer pricing exposure would not be significant based on the current average TCP ratio of our transfer pricing arrangement and the provision made; and (ii) the tax provision made by us is sufficient and adequate to mitigate our transfer pricing exposure if our transfer pricing arrangement is challenged by the relevant tax authorities. In the event that the PRC tax authorities require any supplemental tax payment or impose any fines or penalties on us due to our transfer pricing arrangement, the Controlling Shareholders, have undertaken to indemnify our Group against any financial losses arising from such event. Please refer to the section headed “Statutory and General Information – F. Other Information – 1. Tax and other indemnities” in Appendix IV to this prospectus for more information.

However, as with all matters relating to tax, that is subject to agreement with the relevant government authorities and the related risk has been disclosed under the section headed “Risk Factors – Taxation authorities could challenge our allocation of taxable income which could increase our consolidated tax liability and in turn affect our results of operation” in this prospectus.

QUALITY CONTROL

We emphasise on quality control in all aspects of our business. From sourcing of cloud servers, product development and data storage to infrastructure maintenance, we strictly control the quality of our operations. In order to monitor our product and service quality and ensure that our products and services meet all benchmarks and specifications of our customers and ourselves, we have implemented various quality-control checks into our production and quality process.

As at 31 March 2017, we had ten staff members responsible for our product and service quality control, including two quality control managers, seven software testers and one message control specialist with experience in ISO standard control. As at the same date, our quality control staff had an average of four years of experience in implementing quality control

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measures. Our quality control managers, in charge of the day-to-day management of our quality control team, have more than three years of experience in quality control and the software industry. Our research and development function is responsible for establishing quality control standards of our service portfolios. Our quality control team is responsible for implementing the quality control standards and testing the functionalities and features of our products and services.

We implement an internal quality control system to perform various testing over the course of the entire research and development process. We comply with specific guidelines based on the CMMI Level 3 standard, a process level improvement training and appraisal standard administered by the CMMI Institute, which defines the maturity levels of software development process. We use CMMI standard to guide our process improvement across the project and division.

COMPETITION

Competition in the securities trading platform service market is intense in Hong Kong. Market players providing securities trading platform services in Hong Kong include multinational corporations focusing on Category A Exchange Participants, such as SunGard Data Systems Inc., Fidessa Group Plc., Thomson Reuters Corporation and Bloomberg L.P., and non-MNC companies, namely local and PRC market players which primarily provide securities trading platform service in Hong Kong, such as AASTOCKS.com Ltd. (together with Ayers Solutions Ltd.), ET Net Ltd. (together with ET Trade Ltd.), Infocast Ltd., and AFE Solutions Ltd. We compete principally with non-MNC market players. We may also face competition from emerging financial technology service providers, as well as some traditional software developers which intend to enter the securities trading platform service market. Some of our existing and potential competitors have significantly greater financial, technological and marketing resources, a larger customer base, stronger relationships with industry participants and a larger and more diversified portfolio of services, greater development experience and resources than we do.

While we face a diversified group of existing and potential competitors, we compete primarily on our in-depth knowledge and experience of the market, quality of our products and services, our research and development capabilities, data security, service price and brand and market reputation. For a discussion of risks relating to competition, please refer to the section headed “Risk Factors – Risks Relating to Our Industry – The integrated securities trading platform service market in Hong Kong and the PRC is highly competitive” in this prospectus.

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EMPLOYEES

As at 31 March 2018, we had 106 employees in the PRC and Hong Kong. The following table sets forth a breakdown of our employees by function as at 31 March 2018:

<u>Function</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
		(%)
Operation	14	13.2
Sales and marketing	3	2.8
Research and development	66	62.3
Customer service	7	6.6
Administrative and management	3	2.8
Technical support	10	9.4
Accounting	3	2.9
Total	106	100.0

The following table sets forth a breakdown of our employees by region as at 31 March 2018:

<u>Location</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
		(%)
Shenzhen	101	95.3
Hong Kong	5	4.7
Total	106	100.0

We have established long-term cooperative relationships with several universities in Southern China and recruited graduates from these universities. In order to maintain our leading market position and corporate culture, we seek to hire people who identify with our core values and emphasise on the job training. To retain and incentivise our management and employees, we have implemented the Pre-IPO Equity Interest Incentive Plan and the Share Option Scheme. For a summary of the principal terms of these schemes, please refer to the sections headed “Statutory and General Information – D. Share Option Scheme” and “Statutory and General Information – E. Pre-IPO Equity Interest Incentive Plan” in Appendix IV to this prospectus.

As required by the relevant PRC laws and regulations, we participate in various employee benefit plans that are organised by the municipal and provincial governments, including basic pension insurance, unemployment insurance, basic medical insurance, occupational injury

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insurance, maternity leave insurance, and housing provident funds. We are required under the relevant PRC laws to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based on the overall performance of our business and individual performance of our employees.

We believe that we have maintained satisfactory relations with our employees. We had not experienced any significant difficulty in recruiting employees nor any significant staff compensation or labour dispute during the Track Record Period.


PROPERTIES

As at the Latest Practicable Date, we did not own any property. We lease and occupy certain properties in the PRC and Hong Kong in connection with our business operation. As at the Latest Practicable Date, we leased one property in Shenzhen and one property in Hong Kong, with an aggregate gross floor area of approximately 1,555 square metres, with a lease expiry date of 31 December 2021 and 31 January 2020, respectively. These leased properties are used for non-property activities as defined under Rule 8.01(2) of the GEM Listing Rules and are principally used as our office premises for our operations.

Our Directors confirm that, as at the Latest Practicable Date, no single property interest of our Group that formed part of non-property activities had a carrying amount of 15% or more of our Group's total assets as at 31 March 2018. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(I)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or buildings, for the reason that as at 31 March 2018, each of our property interests has a carrying amount below 15% of our consolidated total assets.

INTELLECTUAL PROPERTY




We believe the protection of our copyrights, trademarks, domain names, trade names, trade secrets, and other proprietary rights is critical to our business. We rely on a combination of copyrights, trademarks and trade secret laws to protect our intellectual properties. As at the Latest Practicable Date, we had registered:

- seven software copyrights in the PRC, which are related to our self-developed securities trading platform software and administration software; and
- seven trademarks in Hong Kong, including, among others, “”, which are related to the trade names used by us as at the Latest Practicable Date;
- eleven trademarks in the PRC, which are related to the trade names used by us as at the Latest Practicable Date;

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- nine domain names in the PRC, which are related to the websites used and maintained by us.

In addition, as at the Latest Practicable Date, we were in the process of applying for seven trademarks in the PRC, which are related to our trade names. As our software copyrights and trademarks are becoming more recognised in the PRC, we expect to devote additional resources to enhance the protection of our proprietary rights. All of our software copyrights, trademarks and domain names registered in China are owned or applied by Tele-Trend Konson SZ for the purpose of maintaining and renewing their operating licences and permits as required by the relevant government authorities.

We have adopted and used certain trademarks during the Track Record Period, such as “”, “ 交易寶環球” and “” (the “Used Marks”), which we were unable to register as trademarks in Hong Kong because similar trademarks had already been registered by other unrelated third parties in Hong Kong. In 2017, we had ceased to use the Used Marks and replace them with other trademarks registered by us. We were advised by our Hong Kong Legal Counsel that our use of the Used Marks did not constitute infringement of other registered trademarks and passing off and we have a reasonable ground to continue to use these marks for certain reasons pursuant to the applicable Hong Kong statutes as well as common law principles and cases, which include, among which, in particular, the Used Marks were neither identical nor similar to those trademarks registered by other unrelated third parties.

During the Track Record Period, our securities trading platform software, including *TradeGo* and *TradeGo Pro*, utilised web crawler technology to extract financial news articles from other websites and display them on our securities trading platform software with backlinks generated and embedded in the extracted news to direct the original sources and copyright owners of such news. As advised by our PRC Legal Adviser, our web scraping of financial news articles during the Track Record Period would not expose us to any compensation liability from copyright infringement according to the applicable PRC laws and regulations. As advised by the Hong Kong Legal Counsel, this area of law in Hong Kong is relatively unsettled and that it is not possible to advise on the extent of potential liabilities when there is no pleadings or other court documents that could particularise the damage and the act of infringement. However, the Hong Kong Legal Counsel is of the view that our Group may mitigate the risks by adopting a “notice and take down policy”, pursuant to which we would take down the alleged infringing article once a take-down notice is received. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice regarding our use of financial news articles which may constitute possible infringement of copyrights belonged to others, and thus, no articles have been removed pursuant to any notice of copyright infringement.

For details of our intellectual property portfolio, please refer to the section headed “Statutory and General Information – B. Further information about the Business – 2. Intellectual Property Rights of our Group” in Appendix IV to this prospectus.

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Despite our efforts to protect our intellectual property rights, other financial technology service providers may copy our software designs, and other third parties may infringe on our intellectual property rights. Moreover, litigation may be necessary in the future to enforce our intellectual property rights. For details, please refer to the section headed “Risk Factors – Risks Relating to Our Business – Failure to adequately protect our intellectual property rights could substantially harm our brand, our business and results of operations” in this prospectus.

RECOGNITION

We have received the following recognition in respect of the quality of our services:

<u>Recognition</u>	<u>Recognition Date</u>	<u>Recognising Institution</u>	<u>Holding Entity</u>
Certificate of Completion: Capability Maturity Model Integration at Maturity Level 3	27 November 2015	CMMI Institute	Tele-Trend Konson SZ

INSURANCE

We have not yet taken out any insurance to cover our main business operations in either the PRC or Hong Kong. We do not maintain business interruption insurance, key-man life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. Our Directors believe that our Group’s insurance policies are consistent with the common industry practice in the PRC and Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us.

INTERNAL CONTROL, RISK MANAGEMENT AND CORPORATE GOVERNANCE

We are devoted to establishing risk management systems consisting of an organisational framework, policies, procedures and risk management methods that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We have established an internal control system over various aspects of our operations and are constantly monitoring the effectiveness of our risk management system. For details of the major risks identified by our management, please refer to the section headed “Risk Factors” in this prospectus.

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As a fast-growing securities trading platform service provider focusing on the research and development of securities trading platform software for brokerage firms, our operations face challenges from the potential risks, such as damage, breaches and losses on both software and hardware. To monitor these potential risks, we have adopted the following measures:

Server Hardware Risk Management

Our Group has two sets of server infrastructure, (i) server infrastructure for hosting of internal software and information used for software development, testing, version control data backup and office use (the “**Internal Cloud**”); (ii) server infrastructure for hosting of customer service software and information (the “**External Cloud**”). To mitigate the potential server infrastructure operation risks, we have adopted the multi-site and multiple server infrastructure model; (i) for the Internal Cloud, most servers are hosted by well-established server hosting service providers in Shenzhen and Hong Kong which offer 24-hour technical support and stable running environment with an availability of no less than 99.99% for their basic running environment services; and (ii) for the External Cloud, all of our server resources are provided by well-established cloud-computing service providers which offer virtual servers to us based in Beijing, Shanghai, Shenzhen and Hong Kong. Our cloud-computing service providers implement strict physical and cybersecurity measures and deliver various types of monthly reports to us, including, among others, the project implementation reports, system test reports and incident tracking logs, for our monitoring of the cloud-computing resources. We plan to gradually replace our on-premise servers, either operated in our office or hosted by server hosting service providers, by virtual servers offered by cloud-computing service providers with the aim of achieving better operation flexibility, enhanced hardware safety and lower maintenance costs.

We have implemented regular local and offsite backup policy for our key applications and system data. Please refer to the section headed “Risk Factors – Our technology infrastructure may experience unexpected system failure or interruption” in this prospectus for risks relating to our server hardware security.

Network Security Risk Management

To mitigate the potential network security risks, we have adopted various measures and/or network security modules, including, among others, (i) multi-site server deployment; (ii) regular Trojan horse virus scan; (iii) setup of web application firewall; (iv) enhanced distributed denial-of-service protection system; and (v) real-time network monitoring system. We also install local firewall packages to defend the potential network attack to our websites and servers and require our staff to follow our internal system management guideline updated by us from time to time during the daily business, which sets out the mandatory requirements and best practices for network safety. The abovementioned measures, together with the regular server hardware risk management measures and data storage risk management measures, enable our Group to implement pre-set remote business recovery plan in the event of the unexpected system failure or interruption. Such recovery plan mainly includes replacing our servers with other deployed server stations and restoring our system and administration application from latest local backup or offsite backup.

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In October 2014, our information system was attacked by unidentified sources, which caused disruption of our information system services for approximately two hours. As only the financial news exhibited on our software and websites become temporarily inaccessible as a result of the attack, it had not resulted in any loss of clients and leakage of client information to the best knowledge of our Directors nor any material impact on our business operations and financial performance. After the attack, we have implemented a series of measures to enhance the network security of our information system, which include procurement of distributed storage system service to upload our data onto multitude servers for data protection and procurement of the enhanced security services provided by our cloud-computing service providers, including basic protection for DDoS attack, server monitoring, protection products and firewall service for data traffic filtration. Please refer to the section headed “Risk Factors – Our cybersecurity management systems may be vulnerable to unexpected hackings or malware attacks” in this prospectus for risks relating to our network security.

Data Storage Risk Management

In order to avoid any data loss or leakage, including our internal data or customer data, we implement rigid data backup mechanism, following which our staff responsible for database management conduct daily backup of important data in local hard drivers and clouds spaces. We also group our technical staff with different functions and assign different levels of authorisations to them. In addition, our cloud-computing service providers also store our data in a reliable environment, with physical access control and redundant database servers.

During the Track Record Period, we had not experienced any breach of material loss of computer software or hardware, breach of network security, or damage of data storage related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among other things, the following corporate governance and internal control measures:

- the establishment of an audit committee responsible for overseeing the financial records, internal control procedures and risk management systems of our Company;
- the appointment of Ms. Chen Chun as our company secretary, to ensure compliance of our operations with the relevant laws and regulations. For her biographical details, please refer to the section headed “Directors and Senior Management” in this prospectus; and
- the appointment of the Sole Sponsor as our compliance adviser upon the Listing to advise us on compliance with the GEM Listing Rules.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not involved in any actual or pending legal, arbitration or administrative proceedings that we believe would have a material adverse effect on our operations or financial conditions. There are no material legal, arbitral or administrative proceedings before any court of the PRC and Hong Kong current or pending against, or involving the properties, or the business of, our Group (including claims from any intellectual property right holders for any infringement of its intellectual property rights) or to which any of the properties or members of our Group is subject.

LEGAL COMPLIANCE

A summary of the incidents concerning the underpayment of social insurance funds and housing provident funds during the Track Record Period is set out as below. Save as disclosed below, as advised by our PRC Legal Adviser and Hong Kong Legal Counsel and as confirmed by our Directors, we had complied with the laws and regulations applicable to us in all material aspects in Hong Kong and the PRC during the Track Record Period and up to the Latest Practicable Date.

Summary of the Incidents

During the Track Record Period, Tele-Trend Konson SZ, Shenzhen Rongyi and Qianhai Xinfeng, our PRC operating subsidiaries, had contributed to the social insurance funds and housing provident funds for their employees based on a standard they understand that is acceptable by the local authorities, instead of based on the actual wages of employees as prescribed by the relevant PRC laws and regulations.

Legal Consequences and Potential Maximum and Other Financial Liabilities

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and other applicable PRC laws and regulations, enterprises are required to provide their employees with welfare schemes, including funds for basic pension insurance, unemployment insurance, medical insurance, occupation injury insurance and maternity insurance. If an enterprise fails to pay social insurance funds or does not pay the full amount of social insurance funds, the relevant social insurance authority may order it to make the payment or make up the difference within a prescribed period and impose a daily fine equivalent to 0.05% of the delinquent payment from the date when the payment is overdue. If the enterprise still fails to make payment within the prescribed period, the relevant social insurance authority shall impose a fine equivalent to one to three times of the overdue payment.

Pursuant to the Regulations on Management of Housing Provident Fund (住房公積金管理條例), which became effective on April 3, 1999 and as amended in 2002, enterprises are also required to register with the competent administrative centres of housing provident fund and open bank accounts for housing provident funds for employees. Enterprises are also obliged to

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timely pay and deposit the housing provident funds in the full amount. If an enterprise fails to pay housing provident funds or does not pay the full amount of housing provident funds, the relevant housing provident fund authority may order it to make the payment or make up the difference within a prescribed period. If the enterprise still fails to make overdue funds after expiry of the time limit, such relevant PRC authorities may apply to court for compulsory enforcement.

Rectification Actions Taken, Provisioning and Latest Status

Pursuant to the various confirmation letters we obtained from the relevant government authorities, including confirmation letters from Shenzhen Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) on 6 March 2017, 4 May 2017 and 12 March 2018, confirmation letters from Shenzhen Social Insurance Funds Management Bureau (深圳市社會保險基金管理局) on 23 March 2017, 28 April 2017 and 22 March 2018 and confirmation letters from Shenzhen Housing Provident Funds Management Centre (深圳市住房公積金管理中心) on 20 March 2018 and 21 March 2018 and as confirmed by our PRC Legal Adviser, Tele-Trend Konson SZ, Shenzhen Rongyi and Qianhai Xinfeng had not been punished for violation of applicable laws or regulations by these government authorities during the Track Record Period. As advised by our PRC Legal Adviser, these government authorities are competent authorities to issue such confirmations.

Since 31 March 2017, Tele-Trend Konson SZ, Shenzhen Rongyi and Qianhai Xinfeng had made contributions of social insurance and housing provident funds contribution for all of its employees on a basis agreed with the relevant PRC regulatory authorities. In addition, in May 2017, employees of Tele-Trend Konson SZ, Shenzhen Rongyi and Qianhai Xinfeng provided written confirmations to us, confirming that (i) they understood and acknowledged the amount and the level of payment of the social insurance funds and housing provident funds paid by us; and (ii) they would not make any claims or requirements in any forms including, among others, labour arbitration, litigation, complaints or petition, concerning our payment of social insurance funds and housing provident funds. Our PRC Legal Adviser has confirmed that abovementioned confirmation letters were legally binding and reflected the true intention of those employees. As at the Latest Practicable Date, we were not subject to any complaints or labour arbitration concerning our contribution of social insurance funds and housing provident funds for employees during the Track Record Period. Our PRC Legal Adviser has further advised us that the likelihood that the labour arbitration committee will order us to make supplemental contribution of such funds due to claims of our former employees employed by us during the Track Record is highly remote.

As a result, we have made provision in the amount of HK\$29,738 and HK\$0.3 million, respectively, in our consolidated statement of profit or loss for the years ended 31 March 2016 and 2017, respectively, due to the underpayment of social insurances and housing provident funds for our former employees employed by us and a reversal of HK\$82,722 in our consolidated statement of profit or loss for the year ended 31 March 2018 as a result of the lapse of recourse period. In the event that the government authorities require any supplemental payment or impose any fines, penalties, on us due to such incident, Mr. Liu Yong, one of our

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Directors and Controlling Shareholders, have undertaken to indemnify our Group against any financial losses arising from such incident. In addition, our Controlling Shareholders have also undertaken to indemnify our Group against, among others, any non-compliance with the applicable laws, rules or regulations by our Company and/or any member of our Group on or before the date on which the Share Offer becomes unconditional. Please refer to the section headed “Statutory and General Information – F. Other Information – 1. Tax and other indemnities” in Appendix IV to this prospectus for details of our Controlling Shareholders’ indemnity.

Based on the above reasons, our PRC Legal Adviser is of the view that the likelihood that we will suffer loss from the relevant social insurance or housing provident funds authorities requiring us to make supplemental contribution or imposing any fines or penalties on us is highly remote.

Each of our PRC Legal Adviser and our Directors is of the view that the above incidents are not material non-compliances of our Group as such incident will not result in any material and adverse operational or financial impact on us.

Enhanced Internal Control Measures

We have taken the following measures to improve our internal control system:

- we have communicated with our employees regarding the PRC laws and regulations on social insurance and housing provident funds;
- we have improved the human resource administration for employees on several aspects, which include (i) making personal employment records for each of the employees; (ii) retaining the social insurance and housing provident funds payment approval evidence; (iii) finance department being responsible for timely payment of social insurance and housing provident funds for employees each month; and (iv) setting up internal employee manual and the relevant human resource administrative policies; and
- we have appointed our head of human resources department as the responsible officer to monitor the procedures of staff salary calculation and making monthly social insurance and housing provident contributions. Our finance department is responsible to ensure that the social insurance contributions have been fully and timely made in accordance with the applicable PRC laws and regulations.

Internal Control Review by Independent Internal Control Consultant

In January 2017, we engaged an independent internal control consultant to perform review on an agreed set of our internal control policies, procedures and systems. Based on the first phase internal control review conducted in February 2017, the independent internal control consultant issued an internal control review report in May 2017, pursuant to the

recommendations in which, we had improved our internal control systems and implemented additional internal control policies and procedures, which include those enhanced internal control measures related to our historical non-compliance incidents. The independent internal control consultant conducted a follow-up review on the status of the implementation of the enhanced internal control measures from May 2017 to September 2017 and did not have any further recommendation in the follow-up review.

View of our Directors and the Sole Sponsor

Considering (i) the nature, reasons, and consequences of the non-compliances; (ii) the rectification measures we have undertaken; (iii) the legal advice from our PRC Legal Adviser; (iv) the various confirmations from the relevant competent government authorities; (v) the indemnities of Mr. Liu Yong and our Controlling Shareholders we have obtained; (vi) the fact that we have not been subject to any fines or penalties for the non-compliances during the Track Record Period and up to the Latest Practicable Date; (vii) the enhanced internal control measures adopted by us pursuant to the recommendations made by our independent internal control consultant; (viii) there were no recurrence of similar non-compliance incidents since the implementation of such enhanced measures; (ix) the training sessions attended by our Directors and/or the responsible staff of our Group in relation to their obligations and duties as directors of a listed company from the Hong Kong law perspective and the applicable PRC laws and regulations regarding social insurance schemes and housing provident funds; (x) the non-compliance incidents were unintentional, did not involve any dishonesty or fraudulent act on the part of our executive Directors, and did not raise any question as to the integrity of our executive Directors, our Directors are of the view that the enhanced internal control measures adopted by us are adequate and effective and that these historical non-compliance incidents do not affect the suitability of our Directors to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules, and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules. The Sole Sponsor concurred with such view of our Directors on the same basis as described above.

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CONTROLLING SHAREHOLDERS OF THE COMPANY

Immediately following the completion of the Capitalisation Issue and the Share Offer, each of Mr. Liu Yong, Fortune Promise and Mao Jia will control more than 30% of the issued share capital of our Company. Further, as Stand Tall and Xin Cheng are 30%-controlled companies (as defined under the GEM Listing Rules) of Mr. Liu Yong, Stand Tall and Xin Cheng are therefore close associates of Mr. Liu Yong. For the purpose of the GEM Listing Rules, Mr. Liu Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng are our Controlling Shareholders. Fortune Promise, Mao Jia, Stand Tall and Xin Cheng are investment holding companies and have not commenced any substantive business activities as at the Latest Practicable Date. Each of Mr. Liu Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, our Controlling Shareholders, their respective close associates or any other parties, taking into account the following factors:

(i) Financial Independence

Our Company has an independent financial system and makes financial decisions according to our Group's own business needs. Our Group has sufficient capital to operate its business independently, and has adequate internal resources and credit profile to support our daily operations.

During the Track Record Period, our Group had certain amounts due to/from related parties including our Controlling Shareholders. For details, please refer to the Accountants' Report set out in Appendix I to this prospectus.

Our Directors are of the view that there has been sufficient cash flow to support the operation of our Group's business. For the three years ended 31 March 2016, 2017 and 2018, our Group has relied principally on cash generated from operations to carry on its businesses and this is expected to continue after the Share Offer. Our Directors also believe that our Group is capable of obtaining financing from independent third parties, if necessary, without reliance on the Controlling Shareholders after the Listing. Therefore, our Group will be financially independent from the Controlling Shareholders after the Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(ii) Operational Independence

Tele-Trend Limited, a company beneficially owned as to 60% and 37% during the Track Record Period by Mr. Chan Yuk Kwing and Mr. Kwok Tak Sing (both of whom were directors of Tele-Trend Konson during majority of the Track Record Period), was one of the major suppliers and customers of our Group during the Track Record Period. Further, TSCI Research (H.K.) Limited, the subsidiary of Tele-Trend Limited, was one of our customers for the year ended 31 March 2017. For further details of the transactions between Tele-Trend Limited, TSCI Research (H.K.) Limited and our Group, please refer to the sections headed “Business – Suppliers”, “Business – Customers” and Note 24 to Appendix I in this prospectus.

Tele-Trend Konson first entered into an equipment lease and service agreement (服務及設備租賃協議) with Tele-Trend Limited on 8 July 2014 (but effective from 1 January 2014), which was revised and supplemented by supplemental agreements dated April 2015, July 2016 and January 2017 (each an “**Agreement**”, collectively, the “**Agreements**”). Under the terms of the Agreements, Tele-Trend Limited agreed to: (i) provide Tele-Trend Konson with real-time market data of Stock Exchange and Hang Seng Index for the period from 1 January 2014 to 31 March 2015 at the consideration of HK\$10,000 per month, for the period from 1 April 2015 to 30 June 2016 at the consideration of HK\$20,000 per month, for the period from 1 July 2016 to 31 December 2016 at the consideration of HK\$40,000 per month and for the period from 1 January 2017 to 31 December 2017 at the consideration of HK\$20,000 per month; (ii) grant a licence to Tele-Trend Konson for the use of an office in Hong Kong, and provide certain supporting services in respect of certain computers and other equipment at the consideration of HK\$5,000 per month; and (iii) grant a licence to Tele-Trend Konson for the use of a specific device at the consideration of HK\$800 per month. The Agreements expired on 31 December 2017. As Tele-Trend Konson has arranged for relocation of its Hong Kong office and make relevant arrangement for backup data connection services, the parties did not enter into any agreement to renew or extend the term of the Agreements. The Company confirms that, during the transitional period, Tele-Trend Limited agreed to maintain the existing arrangement on the same terms as provided for in the Agreements. The Group has secured backup data connection services from HKEX in December 2017 and has moved to a new office in Hong Kong in February 2018. Tele-Trend Limited has ceased to provide any of the services contemplated under the Agreements to Tele-Trend Konson since February 2018.

The consideration was determined by the parties upon arm’s length negotiation.

Although the terms of the equipment lease and service agreements state that Tele-Trend Limited is to provide Tele-Trend Konson with real-time market data of Stock Exchange and Hang Seng Index, the ultimate suppliers of the market data had always been the designated data dissemination entity of HKEX and HSI Services Limited. The role of Tele-Trend Limited was the sub-licensor and provider of data connection and technical support services. As the Group has obtained the relevant licences from the designated data dissemination entity of HKEX and HSI Services Limited, the Group no longer requires any service from Tele-Trend Limited and has ceased all transactions with Tele-Trend Limited and its associates as at the Latest Practicable Date.

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Save as disclosed above and on the basis of the following reasons, our Directors consider that our Group will continue to be operationally independent from our Controlling Shareholders or other companies controlled by our Controlling Shareholders:

- (a) our Group has established its own organisational structure made of individual departments, each with specific areas of responsibilities;
- (b) our Group did not share its operational resources, such as suppliers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates during the Track Record Period;
- (c) our Group has also established a set of internal control measures to facilitate the effective operation of its business;
- (d) our Group's customers and suppliers are all independent from our Controlling Shareholders;
- (e) our Group does not rely on our Controlling Shareholders or their close associates and has its independent access to customers and suppliers; and
- (f) our Group is the holder of all relevant licences material to the operation of the business and has sufficient capital, equipment and employees to operate the business independently.

(iii) Management Independence

On the basis of the following reasons, our Directors consider that our Directors and members of the senior management of our Group are able to manage the business independently from the Controlling Shareholders:

- (a) with three independent non-executive Directors out of a total seven Directors in our Board, which complies with the requirements under the GEM Listing Rules, there will be a sufficiently robust and independent voice within our Board to counterbalance any situation involving a conflict of interest and protect the interests of the independent Shareholders;
- (b) all members of the senior management are full-time employees of our Group and most have, during the entire or most of the Track Record Period, undertaken senior management supervisory responsibilities in the business. The responsibilities of the senior management team include managing operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategies of our Group. This ensures the independence of the daily management and operations of our Group from those of our Controlling Shareholders;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for the benefit and in the best interests of our Shareholders and our Company as a whole and does not allow any conflict between his duties as a Director and his personal interests to affect the performance of his duties as a Director;
- (d) connected transactions (if any) between our Company and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the GEM Listing Rules including rules relating to announcement, reporting and independent Shareholders' approval requirements (where applicable); and
- (e) a number of corporate governance measures is in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of the independent Shareholders.

Having considered the aforesaid 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 and their respective close associates.

(iv) Independence of major suppliers

Tele-Trend Limited, a company beneficially owned as to 60% and 37% during the Track Record Period by Mr. Chan Yuk Kwing and Mr. Kwok Tak Sing (both of whom were directors of Tele-Trend Konson during majority of the Track Record Period), was one of the major suppliers of our Group during the Track Record Period. For further details of the transactions between Tele-Trend Limited and our Group, please refer to the section headed "Business – Suppliers" and Note 24 to Appendix I in this prospectus. Save as Tele-Trend Limited, our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates, have any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

(v) Independence of major customers

Tele-Trend Limited, a company beneficially owned as to 60% and 37% during the Track Record Period by Mr. Chan Yuk Kwing and Mr. Kwok Tak Sing (both of whom were directors of Tele-Trend Konson during majority of the Track Record Period), was one of the major customers of our Group during the Track Record Period. Further, TSCI Research (H.K.) Limited, the subsidiary of Tele-Trend Limited, was one of our customers for the year ended 31 March 2017. For further details of the transactions between Tele-Trend Limited, TSCI Research (H.K.) Limited and our Group, please refer to the section headed "Business – Customers" and Note 24 to Appendix I in this prospectus. Save as Tele-Trend Limited and TSCI Research (H.K.) Limited, our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates, have any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

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Business Operations of Tele-Trend Limited

The products and services of Tele-Trend Limited primarily include (i) provision of analytic software (the *Taiji* Technical Analysis System) services and real-time chart analysis; (ii) provision of training courses on securities analysis; and (iii) operation of bookstore.

Based on the information available and the Company's understanding of the business of Tele-Trend Limited, the Company is of the view that the principal business of Tele-Trend Limited is not in competition with the Group's principal business, primarily due to following reasons:

- (i) In terms of principal products and services, Tele-Trend Limited is engaged in the provision of analytical software services and it does not provide any front office trading system services or any value-added services, such as simulation trading platform services, online account opening appointment services and cloud infrastructure services, which are the major products and service offered by the Group; and
- (ii) In terms of market data services, Tele-Trend Limited provides market data services as a bundle with its analytic software (the *Taiji* Technical Analysis System) services. On the other hand, although the provision of market data services is an integral part of the Group's *TradeGo* and *TradeGo Pro* securities trading platform, the Group also provides market data services to institutional and individual customers on a stand-alone basis. Please refer to the section headed "Business – Our Services – Market Data Services" in this prospectus for details.

RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition between our Group and our Controlling Shareholders, Mr. Liu Yong, Fortune Promise, Mao Jia, Stand Tall and Xin Cheng (each a "Covenantor" and collectively the "Covenantors") has executed a deed of non-competition on 29 August 2018 in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries). Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertake to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) that, during the period that the Deed of Non-Competition remain effective, he/it shall not, and shall procure that his/its close associates (other than any member of our Group) not to, directly or indirectly, develop, acquire, participate in, hold any right or interest or invest in or engage in, render any services for or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group, or such other business engaged by our Group from time to time.

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Each of the Covenantors further undertakes that if he/it or his/its close associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/it shall (and he/it shall procure his/its close associates to) notify our Company in writing and our Company shall have a right of first refusal to take up such business opportunity. Our Company shall, within 30 days after receipt of the written notice (or such longer period if our Company is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantors whether our Company will exercise the right of first refusal or not.

Our Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantors and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The relevant Covenantor shall be entitled but not obliged to pursue the business opportunity on terms no more favourable than those offered to our Group if he/it has received a notice from our Group declining such business opportunity or if our Group fails to respond within the above mentioned 30-day period.

The Company will adopt the following procedures to monitor that the Deed of Non-competition is being observed:

- (a) the independent non-executive Directors shall review on an annual basis the above undertakings from the Covenantors and to evaluate the effective implementation of the Deed of Non-competition;
- (b) each of the Covenantors undertakes to provide any information as is reasonably required by our Group or the independent non-executive Directors, for their annual review, including but not limited to the confirmation from the Covenantors on the compliance of the Deed of Non-competition by the Covenantors and each of their close associates; and
- (c) our Company shall disclose the decisions on those matters reviewed by its independent non-executive Directors relating to the compliance of the Deed of Non-competition in the annual report of our Company.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Division granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreement having been fulfilled (or where applicable, waived) and the Underwriting Agreement not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date specified in the Underwriting Agreement (unless such conditions are waived on or before

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such date) or in any event on or before the date falling 30 days after the date of this prospectus, the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on the date on which: (i) the Covenantors and their close associates, when taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company provided that the Deed of Non-competition shall continue to be in full force and effect as against the other Covenantors; or (ii) the Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

As our Controlling Shareholders have given non-competition undertakings in favour of our Company, and other than members of our Group, none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that our Group is capable of carrying on the business independently of our Controlling Shareholders following the Listing. Other than members of our Group, none of our Controlling Shareholders and our Directors or their respective close associates has interests in any business which competes or is likely to compete with the business of our Group.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

- (a) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deed of Non-Competition for inclusion in the annual report of our Company;
- (b) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgement. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors and Senior Management” in this prospectus;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) our Company has appointed Essence Corporate Finance (Hong Kong) Limited as our compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Please refer to the section headed "Directors and Senior Management – Compliance Adviser" in this prospectus for further details in relation to the appointment of compliance adviser;
- (d) our Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition; and
- (e) our independent non-executive Directors will, based on the information available to them, review on an annual basis (a) the compliance with the Deed of Non-Competition; and (b) all the decisions taken in relation to whether to pursue the new opportunity under the Deed of Non-Competition. Findings of such review will be disclosed in our annual report after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board currently consists of seven Directors, comprising three (3) executive Directors, one (1) non-executive Director and three (3) independent non-executive Directors. The following table sets out the information regarding our Directors:

Name	Age	Present Position	Date of appointment as Director	Date of joining our group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. LIU Yong (劉勇)	46	Chairman of our Board, chief executive officer and executive Director	15 June 2017	April 2010	(a) Overall management; (b) Strategic development; (c) Financial management; and (d) Major decision-making of our group	Nil
Mr. WAN Yong (萬勇)	45	Executive Director	23 June 2017	July 2015	(a) Overall management; (b) Strategic development; and (c) Major decision-making of our group	Nil
Mr. LIAO Jicheng (廖濟成)	33	Executive Director	23 June 2017	March 2012	Overall management and marketing management	Nil
Mr. LIN Hung Yuan (林宏遠) (formerly known as 林泓遠)	41	Non-executive Director	23 June 2017	June 2017	Overseeing the general corporate, financial and compliance affairs of our Group	Nil
Ms. JIAO Jie (焦捷)	37	Independent non-executive Director	29 August 2018	August 2018	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our company	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present Position	Date of appointment as Director	Date of joining our group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. MAN Kong Yui (文剛銳)	58	Independent non-executive Director	29 August 2018	August 2018	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our company	Nil
Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE) (陸海林)	69	Independent non-executive Director	29 August 2018	August 2018	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our company	Nil

Executive Directors

Mr. LIU Yong (劉勇), aged 46, is the chairman of our Board, chief executive officer, an executive Director and a Controlling Shareholder. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Liu was appointed as a Director on 15 June 2017 and re-designated as an executive Director on 23 June 2017. He is responsible for our Group's overall management, strategic development, financial management and major decision-making of our Group. He is also a director of each of Power Mind, Tele-Trend Konson, Tele-Trend Konson SZ, Shenzhen Rongyi, and Qianhai Xinfeng.

Mr. Liu founded our Group in April 2010. He has over 10 years of experience in finance and information technology industry. Prior to joining our Group, Mr. Liu worked at AASTOCKS (Shanghai) Information Technology Limited* (阿斯達克(上海)信息技術有限公司) as a sales director in the PRC from September 2005 to January 2008.

Mr. Liu graduated from Guizhou University of Commerce* (貴州商學院) formerly known as Guizhou Business School* (貴州商業專科學校) in July 1993, specialising in business management and operation. In September 2002, he obtained the Master of Economics (major in international trade) from Dongbei University of Finance and Economics* (東北財經大學).

Mr. Liu has not held any directorship in any public listed company in the past three years.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu was previously the legal representative, executive director and general manager of the company shown in the table below before its revocation of business licence:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Position</u>	<u>Status</u>	<u>Date of revocation of business licence</u>
Shenzhen Xinri Technology Co Ltd* (深圳市鑫日科技有限公司)	The PRC	Legal representative, executive director and general manager	Business licence revoked	31 December 2010

The business licence of Shenzhen Xinri Technology Co Ltd* (深圳市鑫日科技有限公司) was revoked in 2010 due to its failure to undergo annual inspection as required under the relevant PRC regulations after cessation of business. Mr. Liu confirmed that the above company was solvent at the time of revocation, and he did not incur any debt and/or liabilities because of such revocation.

As at the time of the revocation of business licence of Shenzhen Xinri Technology Co Ltd* (深圳市鑫日科技有限公司), Mr. Liu was also the director of Tele-Trend Konson SZ, and the legal representative, executive director and manager of Shenzhen Rongyi. As advised by our PRC Legal Adviser, Mr. Liu was not and is not subject to any penalty in relation to the aforesaid revocation of business licence. Our PRC Legal Adviser further advised that the aforesaid revocation of business licence would not affect Mr. Liu's qualification to act as legal representative, director, supervisor and senior management of our PRC subsidiaries.

Mr. WAN Yong (萬勇), aged 45, is an executive Director. He is also the compliance officer. He was appointed as an executive Director on 23 June 2017. Mr. Wan is responsible for our Group's overall management, strategic development and major decision-making of our Group.

Mr. Wan has over 10 years of experience in the finance industry. He has been a director of Tele-Trend Konson since 27 July 2015. Prior to joining our Group, Mr. Wan worked at ChinaLin Securities Company Limited* (華林證券股份有限公司) from July 2007 to August 2009 as the general manager of the business department in Shenzhen. From August 2009 to July 2014, Mr. Wan joined Sealand Securities Company Limited* (國海證券股份有限公司) and served as various positions including the assistant to the president and the deputy general manager of its asset management subsidiary. From July 2014 to October 2015, he worked as the chairman of Shenzhen Huizhong Yingchuang Financial Services Company Limited* (深圳匯眾盈創金融服務有限公司).

Mr. Wan graduated from Southwest University of Finance and Economics* (西南財經大學) in July 1993, specialising in finance. In July 2009, Mr. Wan completed the Master of business administration held by Sichuan Institute of Business Administration* (四川省工商管理學院).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wan has not held any directorship in any public listed company in the past three years.

Mr. Wan was previously a supervisor of the company shown in the table below before its dissolution:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Position</u>	<u>Status</u>	<u>Date of dissolution</u>
Sichuan Sanji Adverting Media Co Ltd* (四川叁吉廣告傳媒有限公司)	The PRC	Supervisor	Deregistered	19 August 2015

Mr. Wan confirmed that the above company was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration.

Mr. LIAO Jicheng (廖濟成), aged 33, was appointed as an executive Director on 23 June 2017. Mr. Liao is responsible for our Group's overall management and marketing management.

Mr. Liao joined our Group in March 2012 as senior sales manager and has been a director of Tele-Trend Konson since 27 July 2015. Prior to joining our Group, Mr. Liao worked at a PRC subsidiary of China Oriental Express Company Limited (中國東方快遞有限公司) from February 2007 to July 2010 as the assistant to general manager. From October 2010 to October 2011, he worked at a PRC subsidiary of All Leaders Publication Group Limited (領袖傳播集團) as a business director.

Mr. Liao graduated from Guangdong Peizheng College* (廣東培正學院) in June 2006, specialising in logistics management, marketing and business administration.

Mr. Liao has not held any directorship in any public listed company in the past three years.

Mr. Liao was previously the legal representative of the company shown in the table below before its revocation of business licence:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Position</u>	<u>Status</u>	<u>Date of revocation of business licence</u>
Dongguan Kecheng Import and Export Trade Co Ltd* (東莞市可成進出口貿易有限公司)	The PRC	Legal representative	Business licence revoked	6 September 2010

DIRECTORS AND SENIOR MANAGEMENT

The business licence of Dongguan Kecheng Import and Export Trade Co Ltd* (東莞市可成進出口貿易有限公司) was revoked in 2010 due to its failure to undergo annual inspection as required under the relevant PRC regulations. Mr. Liao confirmed that the above company was solvent at the time of revocation, and he did not incur any debt and/or liabilities because of such revocation.

During the period from September 2010, i.e. the time of the revocation of business licence of Dongguan Kecheng Import and Export Trade Co Ltd* (東莞市可成進出口貿易有限公司), until September 2013, Mr. Liao did not act as legal representative, director, supervisor or manager of any PRC company. As advised by our PRC Legal Adviser, Mr. Liao was not and is not subject to any penalty in relation to the aforesaid revocation of business licence. Our PRC Legal Adviser further advised that the aforesaid revocation of business licence would not affect Mr. Liao's qualification to act as supervisor of our PRC subsidiary.

Non-executive Director

Mr. LIN Hung Yuan (林宏遠) (formerly known as 林泓遠), aged 41, was appointed as a non-executive Director on 23 June 2017. Mr. Lin is mainly responsible for overseeing the general corporate, financial and compliance affairs of our Group.

Mr. Lin is the founder of VMI Capital Group Limited (previously known as VMI Capital Partners Limited) and also serves as the director of VMI Securities Limited. Mr. Lin is currently a non-executive director of Stream Ideas Group Limited (stock code: 8401), a company listed on the GEM.

Mr. Lin obtained a Bachelor Degree of Arts in June 1999 from National Chengchi University. He further obtained the Master Degree of Science in Management in June 2001 from National Sun Yat-sen University. In addition, Mr. Lin is a financial risk manager accredited by Global Association of Risk Professionals since September 2013.

Save as disclosed above, Mr. Lin has not held any directorship in any public listed company in the past three years.

Independent non-executive Directors

Ms. Jiao Jie (焦捷), aged 37, was appointed as an independent non-executive Director on 29 August 2018, and is mainly responsible for overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our company. She is also a member of each of the Audit Committee, the Remuneration Committee and Nomination Committee.

Ms. Jiao has over 10 years of experience in initial public offerings, private equity financing and corporate legal affairs. Ms. Jiao worked as a legal assistant at Beijing Jingtian & Gongcheng* (北京市競天公誠律師事務所) from November 2004 to February 2007. Thereafter, she joined China Sunshine Paper Holdings Company Limited (stock code: 2002)

DIRECTORS AND SENIOR MANAGEMENT

(“China Sunshine”), the shares of which are listed on the Main Board of the Stock Exchange, as the board secretary and special assistant to the chairman of China Sunshine from March 2007 to January 2010. From January 2010 to February 2012, Ms. Jiao worked as chief counsel and head of investor relations in Beijing Soufun Network Technology Company Limited* (北京搜房網絡技術有限公司). She then joined Huijin Stone (Xiamen) Co. Ltd.*(滙金石(廈門)有限公司), a subsidiary of ArtGo Holdings Limited (formerly known as ArtGo Mining Holdings Limited) (stock code: 3313), the shares of which are listed on the Main Board of the Stock Exchange, as vice president and general counsel from March 2012 to June 2014. She was appointed to the position of joint company secretary of Artgo Holdings Limited in December 2013 and resigned in May 2014. Ms. Jiao is currently the chief financial officer of Iclick Interactive Asia Limited, and an independent non-executive director of China Sunshine.

Ms. Jiao obtained the degrees of Laws and Economics from Peking University in July 2003. She further obtained the degree of Magister Juris from University of Oxford in July 2005. In addition, she obtained the Legal Professional Qualification Certificate* (法律職業資格證書) from the Ministry of Justice of the PRC in March 2010. She has also obtained the Registered Qualification Certificate of Enterprise Legal Adviser (企業法律顧問執業資格証書) accredited jointly by the Ministry of Human Resources and Social Security of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the Ministry of Justice of the PRC in October 2011. Ms. Jiao has been a chartered financial analyst accredited by the CFA Institute since September 2014.

Save as disclosed above, Ms. Jiao has not held any directorship in any public listed company in the past three years.

Mr. Man Kong Yui (文剛銳), aged 58, was appointed as an independent non-executive Director on 29 August 2018, and is mainly responsible for overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our company. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Man is currently a director of Global Mastermind Securities Limited, a wholly-owned subsidiary of Global Mastermind Holdings Limited (stock code: 8063), the shares of which are listed on GEM of the Stock Exchange. He has held various senior positions with listed companies in Hong Kong. His recent experience included working as chief operating officer in King International Financial Holdings Limited from March 2016 to June 2017, director in BMI Securities Limited from February 2011 to February 2016, and financial services director in South China Financial Holdings Limited from April 2009 to January 2011 (stock code: 619), the shares of which are listed on the Main Board of the Stock Exchange.

He obtained a Bachelor Degree in Business Administration from The Chinese University of Hong Kong. He has been an independent non-executive director of each of Get Nice Holdings Limited (stock code: 64) since 3 October 2005, Global Mastermind Capital Limited (stock code 905) (formerly known as Mastermind Capital Limited) from 26 September 2014 to

DIRECTORS AND SENIOR MANAGEMENT

18 April 2017 and Huanxi Media Group Limited (formerly known as 21 Holdings Limited) (stock code: 1003) on 10 April 2014 and resigned with effect from 18 September 2015, the shares of all of which are listed on the Main Board of the Stock Exchange.

Save as disclosed above, Mr. Man has not held any directorship in any public listed company in the past three years.

Mr. Man was previously a legal representative, chairman or director of the companies shown in the table below before their respective dissolution and/or revocation of business licence:

<u>Name of company</u>	<u>Place of establishment</u>	<u>Position</u>	<u>Status</u>	<u>Date of dissolution and/or revocation of business licence</u>
Huludao Zhongfu Metal Co Ltd* (葫蘆島中富金屬有限公司)	The PRC	Legal representative and chairman	Business licence revoked	11 October 2007
Richman Financial Service Limited (富民金融服務有限公司)	HK	Director	Deregistered	18 March 2011
Element Investment Management Limited (天下投資管理有限公司)	HK	Director	Deregistered	10 October 2007
Hantec Bullion & Futures Limited (亨達金銀期貨有限公司)	HK	Director	Deregistered	15 June 2007
Hantec Investment (Overseas) Limited (慶達投資有限公司)	HK	Director	Deregistered	6 August 2004
Hantec Strategic Investment Limited (亨達策略投資有限公司)	HK	Director	Deregistered	27 April 2007

DIRECTORS AND SENIOR MANAGEMENT

Mr. Man confirmed that the above companies were solvent at the time of deregistration/revocation, and he did not incur any debt and/or liabilities because of such deregistration or revocation.

Dr. LOKE Yu (also known as LOKE Hoi Lam and Jimmy Hoi Lam LOKE) (陸海林), aged 69, was appointed as an independent non-executive Director on 29 August 2018, and is mainly responsible for overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our company. He is also the chairman of the Audit Committee.

Dr. Loke has over 30 years of experience in accounting and audit for private and public companies, financial consultancy and corporate management. He was the sole proprietor or partner of a number of accounting firms in Hong Kong, including Loke & Heng, Baker Tilly, Loke Hoi Lam & Co., working principally on cross-border auditing, taxation, company secretarial and financial consultancy services throughout East Asia.

He obtained a degree of Master of Business Administration from Universiti Teknologi Malaysia in April 2001, and a degree of Doctor of Business Administration from University of South Australia in March 2006. Dr. Loke has been the fellow of The Institute of Chartered Accountants in England and Wales, the fellow of The Hong Kong Institute of Certified Public Accountants, the associate of The Institute of Chartered Secretaries & Administrators, Fellow of The Hong Kong Institute of Chartered Secretaries and a life member of The Hong Kong Independent Non-Executive Directors Association since January 1982, April 2004, October 1977, October 2013 and January 2017.

Dr. Loke is currently an independent non-executive director of Hong Kong Resources Holdings Company Limited (Stock Code: 2882), Chiho Environmental Group Limited (stock code: 976) (formerly known as Chiho-Tiande Group Limited), China Beidahuang Industry Group Holdings Limited (stock code: 39), CIMC-TianDa Holdings Company Limited (stock code: 445) (formerly known as China Fire Safety Enterprise Group Holdings Limited), Forebase International Holdings Limited (stock code: 2310), Hang Sang (Siu Po) International Holding Company Limited (stock code: 3626), Lamtex Holdings Limited (stock code: 1041), Matrix Holdings Limited (stock code 1005), SCUD Group Limited (stock code: 1399), Tianhe Chemicals Group Limited (stock code: 1619), Tianjin Development Holdings Limited (stock code: 882), V1 Group Limited (stock code: 82), Zhong An Real Estate Limited (stock code: 672), Zhenro Properties Group Limited (stock code: 6158) and TC Orient Lighting Holdings Limited (stock code: 515), the shares of all of which are listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of Kaisa Health Group Holdings Limited (stock code: 876) (formerly known as Mega Medical Technology Limited, Winfair Investment Company Limited (stock code: 287)) and Shenzhou Space Park Group Limited (stock code: 692) (formerly known as China Household Holdings Limited), the shares of all of which are listed on the Main Board of the Stock Exchange.

Save as disclosed above, Dr. Loke has not held any directorship in any public listed company in the past three years.

DIRECTORS AND SENIOR MANAGEMENT

The Board is fully aware of the requirements under the GEM Listing Rules and the recommendations under the Corporate Governance Code (Appendix 15 to the GEM Listing Rules) in relation to the Directors' duties. It is particularly noted in the Corporate Governance Code that:–

- (a) under the principle of Code Provisions A.1, “*the board should regularly review the contribution required from a director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them*”; and
- (b) under Code Provisions A.6.3, “*Every director should ensure that he can give sufficient time and attention to the issuer’s affairs and should not accept the appointment if he cannot do so.*”

The Board has considered Dr. Loke’s concurrent services as an independent non-executive director of 15 other listed companies and is satisfied with Dr. Loke’s time commitments to the affairs of the Company having regard to all relevant factors including the following:–

- (a) based on the published annual reports for the immediate preceding financial year of the listed companies in Hong Kong that he has directorships as at the Latest Practicable Date and the confirmation from Dr. Loke, he has attended all but five of the board meetings of the aforesaid listed companies during the aforesaid period;
- (b) Dr. Loke has sufficient knowledge and experience in discharging the directors’ duties through his past working experience and his services as an independent non-executive director in different listed companies. Dr. Loke has sufficient understanding in his role as the independent non-executive director of these companies and in estimating the time required for attending to the affairs of each listed company;
- (c) among the 15 other listed companies where Dr. Loke serves as an independent director, 10 of them in which he has held directorship for over three years. Dr. Loke confirmed that he found no difficulty in devoting and managing his time to different listed companies that he is involved in and none of the listed companies that he has directorship has questioned or complained about his time devoted to the listed companies;
- (d) Dr. Loke is not preoccupied with any full-time work and confirmed that he is able to devote sufficient time for each of the listed companies in his capacity as an independent non-executive director;
- (e) Dr. Loke confirmed that he has the capability and also has committed to devoting sufficient time to discharge his duties and responsibilities as an independent non-executive Director of the Group, taking into account his experience in acting as independent non-executive director of a number of listed companies and the time he is required to devote to each of these listed companies; and

DIRECTORS AND SENIOR MANAGEMENT

- (f) the Nomination Committee will regularly review whether each of the Directors is devoting sufficient time and attention to the affairs of the Group including but not limited to the review of the attendance record of the Board meetings or Board committee meetings. Should there be concerns on the time commitments by the relevant Director(s) to the Group, the Nomination Committee may request the relevant Director(s) to provide an update to the Board in relation to any changes to his significant commitments.

Dr. Loke was previously a director of the companies shown in the table below before their respective dissolution:

Name of company	Place of establishment	Position	Status	Date of dissolution
Miniworld Company Limited (迷你世界有限公司)	HK	Director	Dissolved by striking off	16 May 2003
Seawood Properties Limited	HK	Director	Dissolved by striking off	8 March 2002

Dr. Loke confirmed that the above companies were solvent at the time of dissolution, and he did not incur any debt and/or liabilities because of such deregistration.

SENIOR MANAGEMENT

The following table sets out certain information concerning the senior management of our Group:

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with Director(s)/or other senior management
Mr. ZHANG Wenhua (張文華)	39	Technical director	6 December 2010	Management of research and development department of our Group	Nil
Mr. ZHUANG Wenxiao (莊文驍)	36	Internet marketing director	29 July 2010	Operation and sales of the final product of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with Director(s)/or other senior management
Mr. WU Jieqiang (吳捷強)	43	Chief operating officer	1 April 2017	Overseeing operational management of our Group	Nil

Mr. ZHANG Wenhua (張文華), aged 39, is the technical director of the research and development department of our Group, and is responsible for the management of the research and development department of our Group. He joined our Group as the research and development manager in December 2010.

Mr. Zhang graduated from the Jiangxi Normal University (江西師範大學) in December 1997, specialising in computer application.

Prior to joining our Group, Mr. Zhang worked at Konson Software (Shenzhen) Company Limited* (港信軟件(深圳)有限公司) engaging in research and development work from September 2001 to February 2009.

Mr. Zhang has not held any directorship in any public listed company in the past three years.

Mr. ZHUANG Wenxiao (莊文驍), aged 36, is the internet marketing director of our Group, and is responsible for the operation and sales of the final product of our Group. He joined our Group as the sales manager in July 2010.

Mr. Zhuang graduated from the Anhui University of Science and Technology (安徽理工大學) in May 2005, specialising in information and computing science.

Prior to joining our Group, he was the head of the product department and research and development department of AASTOCKS (Shanghai) Information Technology Limited* (阿斯達克(上海)信息技術有限公司) from June 2006 to July 2009.

Mr. Zhuang has not held any directorship in any public listed company in the past three years.

Mr. WU Jieqiang (吳捷強), aged 43, is the chief operating officer of our Group, and is responsible for overseeing operational management of our Group. He joined our Group in April 2017.

Mr. Wu graduated from Tsinghua University in July 1997 obtaining the Bachelor's degree in the specialty of International Finance. He further obtained the master degree of business administration from the ESSEC Business School in November 2004.

DIRECTORS AND SENIOR MANAGEMENT

From August 2004 to October 2010, Mr. Wu was the general manager of finance at Zhongheng Huaxin International Trade (Beijing) Company Limited* (中恒華信國際貿易(北京)有限公司). From October 2010 to June 2016, he was the director and the general manager of finance at Wuhan Lianxin Micro-credit Loan Co Ltd* (武漢市聯信小額貸款有限責任公司).

Mr. Wu has not held any directorship in any public listed company in the past three years.

Mr. Wu was previously director of the company shown in the table below before its dissolution:

Name of company	Place of establishment	Position	Status	Date of dissolution
Wuhan Lianxin Micro-credit Loan Co Ltd* (武漢市聯信小額貸款有限責任公司)	The PRC	Director	Deregistered	22 January 2018
Wuhan Lianxinyi Business Consultancy Co Ltd Sanmin Road Branch* (武漢市聯信易商務諮詢有限公司三民路分公司)	The PRC	Principal	Deregistered	18 July 2013
Guangzhou Zhong'ailian Construction Material Co Ltd (廣州市中愛聯建材有限公司)	The PRC	Legal representative	Deregistered	19 December 2008
Hangzhou Anyidai Network Technology Co Ltd* (杭州安怡貸網絡科技有限公司)	The PRC	Legal representative, executive director and general manager	in the process of deregistration	N/A
Wuhan Lianxinyi Business Consultancy Co Ltd (武漢市聯信易商務諮詢有限公司)	The PRC	Legal representative, executive director and general manager	Deregistered	2 August 2017

Mr. Wu confirmed that the above company was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. CHEN Chun (陳淳) was appointed as our company secretary of our Company on 29 August 2018. She graduated from Shanghai Finance University* (上海金融學院) obtaining the Bachelor's degree of economics in July 2010. Ms. Chen joined SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited) in December 2013 and currently serves as a Company Secretarial Executive providing support and advisory on listed companies' company secretarial work and compliance matters. She has been the associate of The Institute of Chartered Secretaries and Administrators and the associate of The Hong Kong Institute of Chartered Secretaries since March 2016.

COMPLIANCE OFFICER

Mr. Wan Yong was appointed as the compliance officer of our company on 29 August 2018. For details of Mr. Wan, please refer to the paragraph headed "Directors – Executive Director" in this section.

REMUNERATION POLICY

The Directors and senior management receive compensation in the form of salaries and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of our Group. Our Group regularly reviews and determines the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Group.

After Listing, our Remuneration Committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our group. The Directors may also receive options to be granted under the Share Option Scheme.

REMUNERATIONS OF DIRECTORS AND SENIOR MANAGEMENT

For the three years ended 31 March 2018, the aggregate emoluments (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) paid by our group to our Directors, were approximately HK\$1.5 million, HK\$1.7 million and HK\$1.4 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment of any discretionary benefits or bonus or other fringe benefits) payable by our group to each of our Directors will be as follows:

	<i>HK\$</i>
Executive Directors	
Mr. Liu Yong	400,000
Mr. Wan Yong	400,000
Mr. Liao Jicheng	400,000
Non-executive Director	
Mr. Lin Hung Yuan	Nil
Independent non-executive Directors	
Ms. Jiao Jie	200,000
Mr. Man Kong Yui	200,000
Dr. Loke Yu (also known as Loke Hoi Lam)	200,000

The emoluments in respect of our Group's five highest paid individuals during the Track Record Period are as follows:

	For the year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,405	1,440	2,042
Retirement scheme contributions	49	49	364
Equity-settled share-based payments	1,721	2,429	349
Total	<u>3,175</u>	<u>3,918</u>	<u>2,755</u>

During the Track Record Period, no emoluments were paid by our Group to the above highest paid individuals as: (i) an inducement to join or upon joining our group or (ii) as compensation for loss of office as a director or management of any members of our Group.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which employees of our group including executive Directors and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

Our company established the Audit Committee on 29 August 2018 with its written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to our Board on matters related to corporate governance.

The Audit Committee consists of three members, being Dr. Loke Yu, Ms. Jiao Jie and Mr. Man Kong Yui. Dr. Loke Yu currently serves as the chairman of the Audit Committee.

Remuneration Committee

Our company established the Remuneration Committee on 29 August 2018 with its written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Remuneration Committee are to make recommendations on the remuneration of our company's senior management and to recommend members of our Board.

The Remuneration Committee consists of three members, being Mr. Man Kong Yui, Mr. Liu Yong and Ms. Jiao Jie. Mr. Man Kong Yui currently serves as the chairman of the Remuneration Committee.

Nomination Committee

Our company established the Nomination Committee on 29 August 2018 with its written terms of reference by reference to the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

The Nomination Committee consists of three members, being Mr. Liu Yong, Ms. Jiao Jie and Mr. Man Kong Yui. Mr. Liu Yong currently serves as the chairman of the Nomination Committee.

CORPORATE GOVERNANCE CODE

Mr. Liu Yong has been managing our Group's business and our overall financial and strategic planning since April 2010. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Liu Yong is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. In addition, due to the presence of three independent non-executive Directors which represents over half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, our Company has not segregated the roles of our chairman and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, our Company expects to comply with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. The Directors will review the corporate governance policies of our Group and compliance with the Corporate Governance Code each financial year.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our company has appointed Essence Corporate Finance (Hong Kong) Limited as its compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, our company will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where our company proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of our company deviate from any forecast, estimate, or other information in the listing document; and
- (4) where the Stock Exchange makes an inquiry of the listed issuer under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser of our company shall commence on the Listing Date and end on the date on which our company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Allotment Option and any options which may be granted under the Share Option Scheme), the following persons will have interest or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group:

Long position in the Shares

Name	Capacity/nature of interest	Number of Shares held/interested in immediately following completion of the Capitalisation issue and the Share Offer	Percentage of shareholding immediately following completion of the Capitalisation Issue and the Share Offer
Mao Jia	Beneficial owner	154,264,654	30.85%
Fortune Promise	Interest of a controlled corporation (<i>Note 1</i>)	154,264,654	30.85%
Xin Cheng	Beneficial owner and Trustee (<i>Note 2</i>)	74,039,137	14.81%
Stand Tall	Interest of a controlled corporation (<i>Note 2</i>)	74,039,137	14.81%
Mr. Liu Yong	Interest of a controlled corporation (<i>Notes 1 and 2</i>)	228,303,791	45.66%
VMI	Beneficial owner (<i>Note 4</i>)	56,250,000	11.25%
VMI Capital Group Limited	Investment Manager (<i>Note 4</i>)	56,250,000	11.25%
Mr. Lin Hung Yuan	Interest of a controlled corporation (<i>Note 4</i>)	56,250,000	11.25%
Joint Smart	Beneficial owner	52,650,053	10.53%
Mass Victory	Interest of a controlled corporation (<i>Note 3</i>)	52,650,053	10.53%
Mr. Wan Yong	Interest jointly held with other persons; interest of a controlled corporation (<i>Notes 2 and 3</i>)	126,689,190	25.34%
Ms. Liu Xiaoming	Interest of spouse (<i>Note 5</i>)	228,303,791	45.66%
Ms. Zhang Tian	Interest of spouse (<i>Note 6</i>)	56,250,000	11.25%
Ms. Chen Zhaoxia	Interest of spouse (<i>Note 7</i>)	126,689,190	25.34%
Ms. Lu Ximeng	Interest of spouse (<i>Note 8</i>)	74,039,137	14.81%

SUBSTANTIAL SHAREHOLDERS

Notes:

1. Mao Jia is an investment holding company incorporated in the BVI and wholly-owned by Fortune Promise, which is in turn wholly-owned by Mr. Liu Yong. As such, each of Fortune Promise and Mr. Liu Yong is deemed, or taken to be, interested in all the Shares held by Mao Jia for the purposes of the SFO.
2. Xin Cheng is interested in approximately 14.49% and 0.32% as beneficial owner and trustee, respectively. The approximately 0.32% shareholding in our Company is held by Xin Cheng as trustee arising from or in relation to the employee share ownership scheme of Tele-Trend Konson. Xin Cheng is an investment holding company incorporated in the BVI and wholly-owned by Stand Tall. As such, Stand Tall is deemed, or taken to be, interested in all the Shares held by Xin Cheng for the purposes of the SFO. The shareholding of Stand Tall is more specifically set out in the section headed “Statutory and General Information – E. Pre-IPO Equity Interest Incentive Scheme” in Appendix IV to this prospectus. By virtue of the Pre-IPO Equity Interest Incentive Scheme, all voting power in Xin Cheng and Stand Tall is vested in the board of Xin Cheng (as at the Latest Practicable Date, Mr. Liu Yong was the sole director of Xin Cheng). Accordingly, Mr. Liu Yong is deemed, or taken to be, interested in all the Shares held by Xin Cheng for the purposes of the SFO.
3. Joint Smart is an investment-holding company incorporated in the BVI and wholly-owned by Mass Victory, which is in turn owned as to 75% by Mr. Wan Yong. As such, each of Mass Victory and Mr. Wan Yong is deemed, or taken to be, interested in all the Shares held by Joint Smart for the purposes of the SFO.
4. The management shares of VMI are all held by VMI Capital Group Limited in its capacity as investment manager, which is in turn wholly owned by Mr. Lin Hung Yuan. As such, each of VMI Capital Group Limited and Mr. Lin Hung Yuan is deemed, or taken to be, interested in all the Shares held by VMI for the purposes of the SFO.
5. Ms. Liu Xiaoming is the spouse of Mr. Liu Yong and is deemed or taken to be interested in all the Shares in which Mr. Liu Yong has, or is deemed to have, an interest for the purpose of the SFO.
6. Ms. Zhang Tian is the spouse of Mr. Lin Hung Yuan and is deemed or taken to be interested in all the Shares in which Mr. Lin Hung Yuan has, or is deemed to have, an interest for the purpose of the SFO.
7. Ms. Chen Zhaoxia is the spouse of Mr. Wan Yong and is deemed or taken to be interested in all the Shares in which Mr. Wan Yong has, or is deemed to have, an interest for the purpose of the SFO.
8. Ms. Lu Ximeng is the spouse of Mr. Liao Jicheng and is deemed or taken to be interested in all the Shares in which Mr. Liao Jicheng has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Allotment Option and any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of any other members of our Group.

SHARE CAPITAL

Assuming the Offer Size Adjustment Option is not exercised, and without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, the share capital of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
2,000,000,000 Shares	20,000,000
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:</i>	<i>HK\$</i>
569,800 Shares in issue at the date of this prospectus	5,698
374,430,200 Shares to be issued pursuant to the Capitalisation Issue	3,744,302
<u>125,000,000</u> Shares to be issued pursuant to the Share Offer	<u>1,250,000</u>
<u><u>500,000,000</u></u> Shares	<u><u>5,000,000</u></u>

Assuming the Offer Size Adjustment Option is exercised in full, and without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, the share capital of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
2,000,000,000 Shares	20,000,000
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:</i>	<i>HK\$</i>
569,800 Shares in issue at the date of this prospectus	5,698
374,430,200 Shares to be issued pursuant to the Capitalisation Issue	3,744,302
<u>143,750,000</u> Shares to be issued pursuant to the Share Offer	<u>1,437,500</u>
<u><u>518,750,000</u></u> Shares	<u><u>5,187,500</u></u>

SHARE CAPITAL

MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

RANKING

The Offer Shares will rank pari passu in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of Listing other than participation in the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolution of our Shareholders passed on 29 August 2018, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors are authorised to allot and issue a total of 374,430,200 Shares credited as fully paid at par to the holder of Shares on the register of members of our Company at the close of business on 29 August 2018 (or as they may direct) in proportion to their shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$3,744,302 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option; and
- (b) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed “General Mandate to Repurchase Shares” below.

SHARE CAPITAL

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until of the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our Shareholders passed on 29 August 2018” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with such number of Shares not more than 10% of the total number of Shares in issue following the completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option.

This mandate only relates to repurchases made on GEM, 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, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “Statutory and general information – A. Further information about our Company – 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus.

The general mandates to issue and repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

SHARE CAPITAL

For further details of this general mandate, please refer to the section headed “Statutory and General Information – A. Further information about our Company – 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme. Details of the principle terms of the Share Option Scheme are summarised in the section headed “Statutory and general information – D. Share Option Scheme” in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Summary of the constitution of our Company and Cayman Islands Company Law” set out in Appendix III to this prospectus.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial information for the Track Record Period, including the notes thereto, as set forth in the Accountants' Report included as Appendix I to this prospectus and other financial information appearing elsewhere in this prospectus. The consolidated financial information as set out in the Accountants' Report have been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. 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, our actual future results could differ significantly from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are one of the leading integrated securities trading platform service providers serving primarily Hong Kong Brokerage Firms, especially to PRC Background Brokerage Firms in Hong Kong and their clients. According to the Frost & Sullivan Report, 30 out of 50, or 60.0% of PRC Background Brokerage Firms in Hong Kong subscribed our securities trading platform services as at 31 March 2018. Moreover, we ranked the 5th among non-MNC players in the integrated securities trading platform service market in Hong Kong in terms of revenue for the year ended 31 March 2018.

Our main services can be classified into three categories, namely, (i) front office trading system services, including CMS and CMS Plus trading system services; (ii) market data services; and (iii) value-added services, primarily including simulation trading platform services, online account opening appointment services, cloud infrastructure services and other value-added services. Our services are primarily delivered through two securities trading platform software, namely, *TradeGo* and *TradeGo Pro*.

During the Track Record Period, our revenue increased from HK\$33.3 million for the year ended 31 March 2016 to HK\$40.4 million for the year ended 31 March 2017 and to HK\$43.2 million for the year ended 31 March 2018, representing a CAGR of 13.9%, far outpacing the overall industry growth, according to the Frost & Sullivan Report.

FINANCIAL INFORMATION

Our profit amounted to HK\$3.4 million for the year ended 31 March 2016, while we recorded a loss of HK\$2.6 million and HK\$1.1 million, respectively, for the years ended 31 March 2017 and 2018. We recognised equity-settled share-based payments of HK\$4.2 million, HK\$5.9 million and HK\$1.0 million, respectively, in the years ended 31 March 2016, 2017 and 2018 and non-recurring listing expenses of HK\$6.2 million and HK\$6.1 million, respectively, in the years ended 31 March 2017 and 2018. Excluding the effects of the equity-settled share-based payments and non-recurring listing expenses, our adjusted profit for the year amounted to HK\$7.6 million, HK\$9.5 million and HK\$6.1 million, respectively, for the years ended 31 March 2016, 2017 and 2018.

BASIS OF PREPARATION AND PRESENTATION

Our Company was incorporated in the Cayman Islands on 15 June 2017 as an exempted company with limited liability under the Cayman Islands Company Law. In preparing for the proposed Listing, the companies now comprising our Group underwent the Reorganisation as detailed in the section headed “History, Reorganisation and Development” in this prospectus. Upon completion of the Reorganisation, our Company became the holding company of the companies now comprising our Group.

The Reorganisation only involved inserting of our Company and Power Mind Global Limited, which are newly formed entities with no substantive operations as holding companies of Tele-Trend Konson, and there was no change in the business and operations of Tele-Trend Konson and its subsidiaries during the Relevant Periods. Accordingly, the Reorganisation has been accounted for using a principle similar to that as a reverse acquisition, with Tele-Trend Konson treated as the acquirer for accounting purposes. Our consolidated statements of profit or loss and other comprehensive income, our consolidated statements of changes in equity and our consolidated cash flow statements for the Track Record Period and the consolidated statements of financial position of our Group as at 31 March 2016, 2017 and 2018 have been prepared and presented as a continuation of the financial statements of Tele-Trend Konson with the assets and liabilities of Tele-Trend Konson recognised and measured at their historical carrying amounts prior to the Reorganisation. Please refer to Note 1 to our consolidated financial statements included in the Accountants’ Report as set out in Appendix I to this prospectus for more information.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and future prospects have been, and will continue to be, affected by a number of factors, including the following:

Staff Costs and Licence Fees

Our results of operations and financial condition are significantly affected by our staff costs. Our staff costs primarily include salaries, wages and other benefits, contributions to defined contribution retirement plans and equity-settled share-based payments. The following table sets forth a breakdown of our staff costs for the periods indicated:

	Years Ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Salaries, wages and other benefits	9,805	70.0	10,485	63.4	15,406	88.5
Contributions to defined contribution retirement plans	714	5.1	1,127	6.8	1,138	6.5
Equity-settled share-based payments	3,489	24.9	4,926	29.8	866	5.0
	14,008	100.0	16,538	100.0	17,410	100.0

For the years ended 31 March 2016, 2017 and 2018, staff costs represented 42.1%, 40.9% and 40.3%, respectively, of our total revenue for the same periods. Our staff costs increased at a CAGR of 11.5% from the year ended 31 March 2016 to the year ended 31 March 2018 and our salaries, wages and other benefits increased at a CAGR of 25.4% from the year ended 31 March 2016 to the year ended 31 March 2018, along with the increase in the number of staff as a result of the expansion of our operational scale. As the staff costs rise, our results of operations may be materially and adversely affected if the increase of our revenue or employee productivity is not able to keep pace with the increasing staff costs. Please refer to the section headed “Financial Information – Description of Major Components of Results of Operations – Staff Costs” for more information.

As an important component of our integrated front office trading system services and market data services, we provide our customers with a wide range of market data of exchanges around the world with a specialised focus on major exchanges in Hong Kong, the PRC and the United States, including the Hong Kong Stock Exchange, the Hong Kong Futures Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ. Our market data feeds provided to the customers include real-time data and delayed data. Please refer to the section headed “Business – Our Services – Market Data Services” for more information. Accordingly, the licence fees paid to our vendors of market data, including Tele-Trend Limited, the market information service companies of the relevant exchanges and one market data vendor, were the largest components of our direct costs during the Track Record Period. For

FINANCIAL INFORMATION

the years ended 31 March 2016, 2017 and 2018, our licence fees amounted to HK\$8.1 million, HK\$8.1 million and HK\$9.1 million, respectively, accounting for 83.7%, 79.9% and 76.5%, respectively, of our direct costs and 24.3%, 20.0% and 21.1%, respectively, of our total revenue during the same periods. Please refer to the section headed “Financial Information – Description of Major Components of Results of Operations – Direct Costs” for more information.

According to our service agreements with our market data vendors, the exchanges generally have absolute discretion in determining and adjusting the relevant licence fees, which is beyond our control. As a result, our profitability may be materially and adversely affected if we are not able to pass any significant increase of the licence fees to our customers through the pricing of our market data services.

Pricing of Our Services

Our revenue and profit margins are significantly affected by the pricing of our services, especially our front office trading system services and market data services. The selling price of our front office trading system services is primarily affected by the scope and content of the underlying services to be provided which is determined with reference to the number of available channels of trading platforms, the number of trading terminals and the number of exchanges to be connected, the years of business relationships with the customers, selling prices of our competitors and the budgets of our customers. Accordingly, selling price of our front office trading system services may vary from customers to customers. In general, selling prices to new customers tend to be higher than that to existing customers and the selling prices typically decline during the years of business relationship with respect to the same scope and content of services. Our market data services are generally charged on a usage basis and fees are payable per year, per month or per quote, at the option of our customers. Such services are generally priced with reference to the procurement costs of the relevant market data, the costs of distribution of such market data and our expected margin. Please refer to the section headed “Business – Customers – Pricing Strategies” for more information.

During the Track Record Period, our adjusted net profit margin, as detailed in the sections headed “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2017 Compared to Year Ended 31 March 2016 – Profit for the year – non-HKFRS measures” and “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2018 Compared to Year Ended 31 March 2017 – Loss for the Year – non-HKFRS measures”, was 22.9%, 23.5% and 14.1%, respectively. If we are not able to acquire new customers, to maintain stable relationships with our existing customers or to offer competitive prices over our competitors so as to maintain profitable pricing strategies, our results of operations may be materially and adversely affected.

Trading Volume of the Hong Kong and the PRC securities markets

Generally, market demand for our front office trading system services and market data services is driven by the transaction demand from both our institutional and individual customers, which in turn is impacted by the trading volume and activity of the Hong Kong and the PRC securities markets.

FINANCIAL INFORMATION

According to the Frost & Sullivan Report, the trading volume of the Hong Kong Stock Exchange decreased by 17.5% from 53,693.9 billion shares in 2015 to 44,282.9 billion shares in 2017, and the turnover value of the Hong Kong Stock Exchange decreased by 16.8% from HK\$26,090.6 billion in 2015 to HK\$21,709.1 billion in 2017. For the Shanghai Stock Exchange, the trading volume decreased by 56.6% from 10,248.6 billion shares in 2015 to 4,450 billion shares in 2017, while the trading value decreased by 61.6% from RMB133,099.2 billion in 2015 to RMB51,124.3 billion in 2017. For the Shenzhen Stock Exchange, the trading volume decreased by 50.6% from 10,852.7 billion shares in 2015 to 5,361.1 billion shares in 2017, and the trading value decreased by 40.2% from RMB136,105.1 billion in 2015 to RMB81,433.3 billion in 2017. The decrease in securities trading volume and activity reduces the market data service fees income generated from our institutional customers because generally, investors will have less demand for market data services if the securities markets are less active. Accordingly, our market data service fees which are partially calculated with reference to the number of end-users subscribing the market data through these institutional customers will decrease. In addition, it adversely affects the number of customers directly subscribing our market data services.

Our revenue generated from the market data services remained stable during the Track Record Period, which is the combined effect of (i) the increased revenue generated from our 13 and 22 new institutional customers for the years ended 31 March 2017 and 2018, respectively, subscribing our market data services as we charged fixed amount of monthly fees from these institutional customers and (ii) the decreased revenue as a result of the reduction in the number of subscription of market data services by end-users of our institutional customers and the general decrease in the price of our market data services. Although the addition of institutional customers would result in an increase in the subscription of market data services by end-users, the total number of subscription of market data services by end-users of our institutional customers still decreased from 47,263 for the year ended 31 March 2017 to 45,550 for the year ended 31 March 2018 even though, which was generally in line with the declining market trend. As market fluctuations are beyond our control, any significant decline in the trading volume and activity of the Hong Kong and the PRC securities markets and even other securities markets as we expand our market data services to other exchanges, may materially and adversely impact our results of operations.

Competition

Competition in the securities trading platform service market is intense in Hong Kong. Market players providing integrated securities trading platform services in Hong Kong include multinational corporations focusing on Category A and Category B Exchange Participants, and local and PRC market players which primarily provide securities trading platform services to Category B and Category C Exchange Participants in Hong Kong. We compete principally with local market players. Moreover, we may face competition from emerging financial technology service providers, as well as some traditional software developers which intend to enter into the securities trading platform service market. Please refer to the sections headed “Business – Competition” and “Industry Overview – Competitive Landscape of Integrated Securities Trading Platform Services Market in Hong Kong” for more information.

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Our competitors may offer a broader range of services, possess greater financial resources or have stronger customer bases than us. Competition may affect the pricing of services that we offer, particularly in our front office trading system services and market data services. Accordingly, increasing competition or an adverse change in our competitive position could lead to a reduction of market share and, as a result, a decrease in revenue and profit.

Preferential Tax Treatment

Under the Measures for the Exemption of Value-Added Tax from Cross-Border Taxable Acts in the Collection of Value-Added Tax in Lieu of Business Tax (for Trial Implementation)* (《營業稅改徵增值稅跨境應稅行為增值稅免稅管理辦法(試行)》) effective from 1 May 2016, the professional technical services provided by our PRC subsidiaries are exempted from VAT if they are provided to overseas entities and are entirely consumed outside China. We have registered with the competent tax authorities for such VAT exemption for one cooperation contract between Shenzhen Rongyi, one of our PRC operating subsidiaries, and one of our institutional customers in Hong Kong with respect to simulation trading platform services and one service contract between Tele-Trend Konson SZ and Tele-Trend Konson with respect to research and development and technical support services provided by Tele-Trend Konson SZ to Tele-Trend Konson.

Under the PRC Enterprise Income Tax Law effective from 1 January 2008, our PRC subsidiaries are subject to the statutory Enterprise Income Tax rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy. Enterprises that qualify as “high and new technology enterprises” are entitled to a preferential Enterprise Income Tax rate of 15% for three years. On 31 October 2017, Tele-Trend Konson SZ has been recognised as a high and new technology enterprise by the competent authority for a period of three years. As a result, our applicable income tax rate in the PRC will decrease from 25% to 15% which we believe would result in more flexibility in our business planning as well as positive effect on our profitability and financial condition.

However, there is no assurance that no further change will be made to the PRC tax policies that could materially and adversely affect us. If there is any further change to the PRC tax policy or the preferential tax treatment for cross-border professional technical services or high and new technology enterprises is no longer available, our expected relief of tax burden may not be realised and our results of operations may be materially and adversely affected.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial information prepared in accordance with HKFRSs. Our results of operations and financial condition are sensitive to the accounting policies, judgements and estimates used in the preparation of our consolidated financial information. We continually evaluate these judgements and estimates based on historical experience and other factors, including expectations of future events, which we currently believe to be reasonable. Actual results may differ from these estimates as facts, circumstances and conditions change, or as a result of different assumptions.

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We believe the following accounting judgements and estimates are critical to understand our financial condition and results of operations, because the application of these policies requires significant management judgements, estimates, and assumptions, and the reporting of materially different amount could result if different judgements were made or different estimates or assumptions were used.

Useful Lives of Intangible Assets

Intangible assets are amortised on a straight-line basis over the estimated useful life of each asset, after taking into account its estimated residual value. We review annually the useful life of an asset, the amortisation method and its residual value, if any, based on our historical experience with similar assets and taking into account anticipated technological changes. The amortisation expenses for future periods will be adjusted if there are significant changes from previous estimates.

During the Track Record Period, intangible assets represent the capitalised development costs for our internally developed software systems, which includes direct labour costs comprising the salaries, wages and other benefits and contributions to defined contribution retirement plans in relation to our staff responsible for development of the internally developed software systems and the related overhead, such as office rentals, less their respective accumulated amortisation. The estimated useful lives of our internally developed software systems are three years.

When capitalising the development costs for our internally developed software systems, we have considered a number of factors, including (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) our intention to complete the intangible asset and use or sell it, (iii) our ability to use or sell the intangible asset, (iv) the way the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and (vi) our ability to measure reliably the expenditure attributable to the intangible asset during its development. As we (i) have prepared and approved a project setup report which sets out the planned functions of the project before the commencement of development work, (ii) start capitalising the development cost after the existence of technical feasibility is demonstrated by internal testing, (iii) have adequate technical and financial resources to complete the project, (iv) retained ownership and control of our internally developed software systems and have obtained the relevant software copyrights in the PRC, (v) develop and enhance our internally developed software systems based on our customers' requests and feedback which ensures the ability of our internally developed software systems to generate future economic benefit and (vi) we only capitalise the direct staff costs and overheads related to the development of the internally developed software systems which can be measured reliably, we conclude that we can satisfy the capitalisation criteria under the relevant accounting standards to capitalise our internally developed software systems.

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Revenue Recognition for Front Office Trading System Service Income

Our income for front office trading system services is derived primarily from the provision of upfront work, including the customisation and delivery of trading system and the licence of right to use the trading system, and the provision of post delivery support, including unspecified upgrades and technical and customer support during the licence period. Revenue for the upfront work is recognised upon delivery of the trading system while revenue for the post delivery support is recognised on a straight-line basis over the licence period after the delivery of the trading system.

The portion of revenue attributable to the upfront work and the post delivery support is determined by our management based on the internal statistics and management experience on research and development resource allocation and work arrangement with reference to the prevailing market practice for similar services provided in the securities trading platform service market. Our management also conducts periodical review on such revenue recognition policy.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income, with line items in absolute amounts and as percentages of our total revenue for years ended 31 March 2016, 2017 and 2018. This information is derived from and should be read in conjunction with our consolidated financial information, including the notes thereto, as set forth in the Accountants' Report, aside from the adjusted profit for the year, which is a non-HKFRS measurement.

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Revenue	33,277	100.0	40,398	100.0	43,209	100.0
Direct Costs	(9,703)	(29.2)	(10,170)	(25.2)	(11,909)	(27.6)
Other (losses)/gains net	(344)	(1.0)	(745)	(1.8)	133	0.4
Staff costs	(14,008)	(42.1)	(16,538)	(40.9)	(17,410)	(40.3)
Depreciation and amortisation	(549)	(1.6)	(1,651)	(4.1)	(2,599)	(6.0)
Selling, general and administrative expenses	(4,173)	(12.6)	(5,186)	(12.9)	(4,650)	(10.8)
Listing expenses	–	–	(6,183)	(15.3)	(6,131)	(14.2)
Profit/(loss) before taxation	4,500	13.5	(75)	(0.2)	643	1.5
Income tax	(1,072)	(3.2)	(2,553)	(6.3)	(1,712)	(4.0)
Profit/(loss) for the year	3,428	10.3	(2,628)	(6.5)	(1,069)	(2.5)
Other comprehensive income, net of nil tax:						
Item that may be reclassified subsequently to profit or loss						
– Exchange differences on translation of financial statements of PRC subsidiaries	243	0.7	389	1.0	385	0.9
Total comprehensive income for the year	3,671	11.0	(2,239)	(5.5)	(684)	(1.6)
Adjusted profit for the year⁽¹⁾	7,627	22.9	9,482	23.5	6,103	14.1

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Note:

- (1) We define adjusted profit for the year by adding back the equity-settled share-based payments of HK\$4.2 million in the year ended 31 March 2016 to the profit for the year ended 31 March 2016, adding back the equity-settled share-based payments of HK\$5.9 million and the non-recurring listing expenses of HK\$6.2 million in the year ended 31 March 2017 to the loss for the year ended 31 March 2017 and adding back the equity settled share-based payments of HK\$1.0 million and the non-recurring listing expenses of HK\$6.1 million in the year ended 31 March 2018 to the loss for the year ended 31 March 2018. Adjusted profit for the year is not a measure required by, or presented in accordance with HKFRS. The use of adjusted profit for the year has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS. Please refer to the sections headed “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2017 Compared to Year Ended 31 March 2016 – Profit for the Year – Non-HKFRS measures” and “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2018 Compared to Year Ended 31 March 2017 – Loss for the Year – Non-HKFRS measures” for more information.

DESCRIPTION OF MAJOR COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue mainly from our front office trading system services, market data services and value-added services through our two trading platform software, namely, *TradeGo* and *TradeGo Pro*. During the Track Record Period, Hong Kong was our key market for revenue generation and the PRC was our second largest market. Our revenue amounted to HK\$33.3 million, HK\$40.4 million and HK\$43.2 million, respectively, for the years ended 31 March 2016, 2017 and 2018, representing a CAGR of 13.9% from the year ended 2016 to the year ended 31 March 2018.

We primarily offer our services to institutional customers, the majority of which being PRC Background Brokerage Firms in Hong Kong. To a much lesser extent, we also provide market data services to individual customers. For the years ended 31 March 2016, 2017 and 2018, 99.4%, 99.4% and 99.0%, respectively, of our revenue was generated from institutional customers.

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The following table sets forth a breakdown of our revenue by service type, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Front Office Trading System						
Services	12,471	37.5	13,997	34.6	18,891	43.7
– CMS trading system	12,471	37.5	13,997	34.6	18,891	43.7
Market Data Services	17,577	52.8	17,520	43.4	17,531	40.6
Value-added Services	3,229	9.7	8,881	22.0	6,787	15.7
– Simulation trading platform services	124	0.4	2,751	6.8	83	0.2
– Online account opening appointment services	–	–	569	1.4	621	1.4
– Cloud infrastructure services	3,089	9.3	3,839	9.5	3,706	8.6
– Other value-added services	16	0.0	1,722	4.3	2,377	5.5
Total	33,277	100.0	40,398	100.0	43,209	100.0

Our front office trading system services include CMS trading system and CMS Plus trading system. Our revenue from front office trading system services increased by 12.0% from HK\$12.5 million for the year ended 31 March 2016 to HK\$14.0 million for the year ended 31 March 2017. All of such increase was attributable to the increase of revenue generated from 10 new institutional customers subscribing our CMS trading system services in the year ended 31 March 2017. Our revenue from front office trading system services increased by 35.0% from HK\$14.0 million for the year ended 31 March 2017 to HK\$18.9 million for the year ended 31 March 2018. The increase was attributable to the increase of revenue generated from 22 new institutional customers subscribing our CMS trading system services in the year ended 31 March 2018.

During the Track Record Period, we had entered into two agreements with brokerage firm customers for our CMS Plus trading system services since its launch in the fourth quarter of 2016. We had not generated any revenue from these services during the Track Record Period mainly because these customers have not yet launched the related services to their clients and our CMS Plus trading system services are charged on transaction basis.

Our revenue from market data service remained stable during the Track Record Period, which reflects the combined effect of (i) the increased revenue as a result of the increase of 13 and 22 new institutional customers, respectively, subscribing our market data services in the

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years ended 31 March 2017 and 2018; (ii) the decreased revenue as a result of the reduction in number of subscription of market data services by the end-users of our institutional customers due to the decline of trading volume and activity of the Hong Kong and PRC securities markets and the significant decrease in the average price of our market data services. The fixed charges from our institutional customers increased by HK\$0.9 million or 17.4% from the year ended 31 March 2017 to the year ended 31 March 2018, while the variable charges which are based on the number of subscription from the end-users and the price we charge for each subscription decreased by HK\$0.9 million or 7.4% from the year ended 31 March 2017 to the year ended 31 March 2018. Please refer to the section headed “Financial Information – Major Factors Affecting Our Results of Operations – Trading Volume of the Hong Kong and the PRC Securities Markets” for detailed analysis of the reduction in number of subscription of market data services by end-users. The average price of our market data services decreased significantly from HK\$251 for the year ended 31 March 2017 to HK\$217 for the year ended 31 March 2018. Such decrease in the average price of our market data services was mainly due to (i) the keen competition in the market; (ii) our provision of more standardised service packages to more customers with lower prices than the previously more customised service packages; and (iii) the introduction of mobile application service plan to clients of our institutional customers who were located in mainland China by the Hong Kong Stock Exchange since June 2017 which has a lower price than the ordinary market data subscription plan. Under the mobile application service plan, the market data subscription fee was charged at a discounted rate per subscriber unit per month and enrolment before 31 October 2017 would enjoy one month free trial subscription. The difference between the subscription fee under the ordinary market data subscription plan and that under the mobile application service plan ranged from HK\$125 to HK\$197 per subscriber unit per month.

Our value-added services include simulation trading platform services, online account opening appointment services, cloud infrastructure services and other value-added services during the Track Record Period. Revenue from value-added services increased significantly by 178.1% from HK\$3.2 million for the year ended 31 March 2016 to HK\$8.9 million for the year ended 31 March 2017. Such increase was primarily due to (i) the increase of revenue generated from simulation trading platform services from HK\$0.1 million for the year ended 31 March 2016 to HK\$2.8 million for the year ended 31 March 2017 because the simulation trading service we provided at normal price to a stock exchange in the year ended 31 March 2016 was for educational purposes while such services provided to the two brokerage firm customers in the year ended 31 March 2017 was for marketing purposes where higher amount of service fees were charged; (ii) the revenue of HK\$0.6 million for the year ended 31 March 2017 generated by our online account opening appointment services after its launch in January 2017, closely following the issuance of further guidance on client identity verification through recognised certification authorities outside of Hong Kong by the SFC in October 2016; and (iii) the increase of revenue generated from other value-added services from HK\$16,000 for the year ended 31 March 2016 to HK\$1.7 million for the year ended 31 March 2017 as a result of the entering of two new customised software development service agreements under which we developed platform software for two institutional customers in the year ended 31 March 2017. Revenue from value-added services decreased by 23.6% from HK\$8.9 million for the year ended 31 March 2017 to HK\$6.8 million for the year ended 31 March 2018. Such decrease was

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primarily due to the decrease of revenue generated from simulation trading platform services from HK\$2.8 million for the year ended 31 March 2017 to HK\$82,655 for the year ended 31 March 2018 as we did not secure any new simulation trading service agreements in the year ended 31 March 2018.

Direct Costs

Direct costs primarily consist of licence fees and cloud infrastructure leasing fees and others. For the years ended 31 March 2016, 2017 and 2018, our direct costs amounted to HK\$9.7 million, HK\$10.2 million and HK\$11.9 million, respectively.

The following table sets forth a breakdown of our direct costs, in absolute amounts and as percentages of our total direct costs, for the periods indicated:

	Year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Licence fees	8,117	83.7	8,127	79.9	9,110	76.5
Cloud infrastructure leasing fees and others	1,586	16.3	2,043	20.1	2,799	23.5
Total	9,703	100.0	10,170	100.0	11,909	100.0

Licence fees refer to fees paid to our market data vendors, including Tele-Trend Limited, the market information service companies of the relevant exchanges and one market data vendor. Our licence fees remained stable at HK\$8.1 million for both years ended 31 March 2016 and 2017, primarily because of the increase in our licence fees with respect to market data of the Shanghai Stock Exchange and the Shenzhen Stock Exchange after we obtained the market data vendor licence of these two exchanges in February 2017. Such increase was offset by the decrease in our licence fees with respect to market data of the Hong Kong Stock Exchange as a result of the decrease in the trading volume and activity in the Hong Kong and the PRC securities markets. Our licence fees further increased by 12.3% to HK\$9.1 million for the year ended 31 March 2018. Such increase was primarily because of the connection fee paid to the Hong Kong Stock Exchange as we entered into license agreements directly with the Hong Kong Stock Exchange since 1 April 2017.

Cloud infrastructure leasing fees and others primarily include fees paid for the leasing of cloud infrastructure and broadband services. Our cloud infrastructure leasing fees and others increased by 25.0% from HK\$1.6 million for the year ended 31 March 2016 to HK\$2.0 million for the year ended 31 March 2017, because we leased more cloud infrastructure to cope with the increase in our sales of cloud infrastructure services in the year ended 31 March 2017. Our

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cloud infrastructure leasing fees and others further increased by 40.0% to HK\$2.8 million for the year ended 31 March 2018, primarily because we have set up two new DDNs and additional cloud servers for the purpose of transmitting market data of the Hong Kong Stock Exchange after we entered into license agreements directly with the Hong Kong Stock Exchange since 1 April 2017.

Other (Losses)/Gains, Net

Other (losses)/gains, net primarily represented net exchange gains or losses which was attributable to the translation of inter-companies' current accounts within our Group from RMB to HK\$. For the years ended 31 March 2016 and 2017, we incurred other losses of HK\$0.3 million and HK\$0.7 million, respectively. For the year ended 31 March 2018, we had other gains of HK\$0.1 million.

The following table sets forth a breakdown of other gains/losses, net for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange (losses)/gains	(347)	(749)	132
Interest income	3	6	6
Other	–	(2)	(5)
Total	(344)	(745)	133

Staff Costs

Staff costs primarily consist of salaries, wages and other benefits, contributions to defined contribution retirement plans and equity-settled share-based payments. For the years ended 31 March 2016, 2017 and 2018, our staff costs amounted to HK\$14.0 million, HK\$16.5 million and HK\$17.4 million, respectively.

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The following table sets forth a breakdown of our staff costs, in absolute amounts and as percentages of our total staff costs, for the periods indicated:

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Salaries, wages and other benefits	9,805	70.0	10,485	63.4	15,406	88.5
Contributions to defined contribution retirement plans	714	5.1	1,127	6.8	1,138	6.5
Equity-settled share-based payments	3,489	24.9	4,926	29.8	866	5.0
Total	14,008	100.0	16,538	100.0	17,410	100.0

Salaries, wages and other benefits represent the salaries and costs of non-monetary benefits provided to our staff and the remuneration of our Directors. For the years ended 31 March 2016 and 2017, our salaries, wages and other benefits increased by 7.1% from HK\$9.8 million for the year ended 31 March 2016 to HK\$10.5 million for the year ended 31 March 2017, along with the increase in the number of staff resulting from the expansion of our operational scale. For the years ended 31 March 2017 and 2018, our salaries, wages and other benefits increased by 46.7% from HK\$10.5 million for the year ended 31 March 2017 to HK\$15.4 million for the year ended 31 March 2018. The increase was primarily due to (i) the increase of 5 employees in the year ended 31 March 2018 and most of them are relatively senior employees who are paid with relatively higher salaries; (ii) the general increase of the staff salaries in the year ended 31 March 2018; and (iii) the payment of discretionary year-end bonus in the year ended 31 March 2018.

Contributions to defined contribution retirement plans represent (i) our contributions to the mandatory provident fund scheme for our employees in Hong Kong; and (ii) our contributions to the basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing provident funds for our employees in the PRC; and (iii) the provision for the unpaid basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing provident funds for our former employees in the PRC. For the years ended 31 March 2016 and 2017, our contributions to defined contribution retirement plans increased by 57.1% from HK\$0.7 million for the year ended 31 March 2016 to HK\$1.1 million for the year ended 31 March 2017. The increase of our contributions to defined contribution retirement plans was significantly greater than the increase of our salaries, wages and other benefits primarily because of an increased amount of HK\$0.3 million was provided for the unpaid basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing provident funds for our former employees in the PRC in the year ended 31 March 2017. Please refer to the section headed “Business – Legal Compliance” for more information. For the years ended 31 March 2017 and 2018, our contributions to defined contribution retirement plans remained

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stable at HK\$1.1 million for both years. The changes in our contributions to defined contributions retirement plans did not match the increase in our salaries, wages and other benefits because we made provision for the unpaid basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing provident funds for our former employees in the PRC who left our PRC subsidiaries within two years when we made the provision and the number of employees who left our PRC subsidiaries during the two years preceding 31 March 2018 is less than that preceding 31 March 2017.

Equity-settled share-based Payments

On 16 July 2015, we adopted the Pre-IPO Equity Interest Incentive Scheme through Xin Cheng to recognise and reward the contribution of eligible employees and external consultants to the growth and development of our Group. On the same date, an aggregate of 59.5% of the equity interest in Xin Cheng was granted to the eligible employees and external consultants subject to certain clawback provisions and vesting conditions. During the period from July 2015 to October 2016, three employees left our Group before their vesting conditions were satisfied and their aggregate entitlements, representing approximately 5.8% of the equity interests in Xin Cheng were therefore forfeited and transferred to Mr. Liu Yong. Please refer to the sections headed “History, Reorganisation and Development – Ownership Continuity – Xin Cheng” and “Statutory and General Information – (E) Pre-IPO Equity Interest Incentive Scheme” in Appendix IV to this prospectus for more information.

The fair value of the restricted shares granted during the Track Record Period under the Pre-IPO Equity Interest Incentive Scheme are measured on the grant date using the income approach with reference to the equity value of Xin Cheng. The aggregate fair value of the restricted shares of Xin Cheng granted under the Pre-IPO Equity Interest Incentive Scheme on 16 July 2015 was assessed to be HK\$13.1 million, after applying an aggregate discount of 35.8% for lack of control over Tele-Trend Konson and marketability of the restricted shares. The fair value of the restricted shares granted to our employees was recognised as staff costs and the fair value of the restricted shares granted to external consultants was recognised as selling, general and administrative expenses. The following table sets forth the breakdown of equity-settled share-based payments recognised during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs	3,489	4,926	866
Selling, general and administrative expenses	710	1,001	175
Total	4,199	5,927	1,041

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Sensitivity Analysis

The following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in the staff costs which amounted to HK\$14.0 million, HK\$16.5 million and HK\$17.4 million, respectively, for the years ended 31 March 2016, 2017 and 2018, assuming an effective tax rate of 21.9%:

	Increase/ decrease by 10.0%	Increase/ decrease by 15.0%	Increase/ decrease by 30.0%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in profit for the year			
Year ended 31 March 2016	(1,094)/1,094	(1,641)/1,641	(3,282)/3,282
Year ended 31 March 2017	(1,292)/1,292	(1,937)/1,937	(3,875)/3,875
Year ended 31 March 2018	(1,360)/1,360	(2,040)/2,040	(4,079)/4,079

Depreciation and Amortisation

Depreciation and amortisation consisted of the depreciation of property, plant and equipment and amortisation of intangible assets. The depreciation of property, plant and equipment primarily consists of the depreciation of computer equipment, office equipment, including office fixtures and furniture. The amortisation of intangible assets refers to the amortisation of our internally developed software system. For the years ended 31 March 2016, 2017 and 2018, our depreciation and amortisation amounted to HK\$0.5 million, HK\$1.7 million and HK\$2.6 million, respectively. Please refer to the section headed “Financial Information – Critical Accounting Judgements and Estimates – Useful Lives of Intangible Assets” for more information with respect to amortisation of our intangible assets.

The following table sets forth a breakdown of depreciation and amortisation for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	349	527	484
Amortisation of intangible assets	200	1,124	2,115
Total	549	1,651	2,599

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Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of office rental and property management fee, equity-settled share-based payments for external consultants, VAT and surcharges payables, advertising, stationery, travelling and training fees. For the year ended 31 March 2018, selling, general and administrative expenses also included other bad debt provision which was related to the trade and other receivables due from one institutional customer with respect to cloud infrastructure services and four institutional customers with respect to market data services, which our Directors considered difficult to collect from the relevant customers. For the years ended 31 March 2016, 2017 and 2018, our selling, general and administrative expenses amounted to HK\$4.2 million, HK\$5.2 million and HK\$4.7 million, respectively.

Income Tax

We were not subject to any income tax in the Cayman Islands and the BVI during the Track Record Period.

During the Track Record Period, our provision for Hong Kong profit tax is calculated at the rate of 16.5% of the estimated assessable profits in Hong Kong.

During the Track Record Period, our subsidiaries established in the PRC are generally subject to Enterprise Income Tax at the rate of 25% on their respective assessable profits as determined in accordance with the PRC Enterprise Income Tax Law and its related implementation regulations. As Tele-Trend Konson SZ was recognised as a high and new technology enterprise by the competent authority for a period of three years on 31 October 2017, an income tax rate of 15% was applied to determine the income tax of Tele-Trend Konson SZ for the year ended 31 March 2018. Please refer to the section headed “Financial Information – Major Factors Affecting Our Results of Operations – Preferential Tax Treatment” for more information.

For the years ended 31 March 2016, 2017 and 2018, our income tax amounted to HK\$1.1 million, HK\$2.6 million and HK\$1.7 million, respectively, and our adjusted effective tax rates were 12.6%, 21.7% and 21.9%, respectively. The impact of the non-tax deductible listing expenses of HK\$6.2 million and HK\$6.1 million, respectively, for the years ended 31 March 2017 and 2018 and equity-settled share-based payments of HK\$4.2 million, HK\$5.9 million and HK\$1.0 million, respectively, for the years ended 31 March 2016, 2017 and 2018 are excluded from the profit or loss before taxation when calculating the adjusted effective tax rates. The increase in the effective tax rate for the years ended 31 March 2016, 2017 and 2018 was mainly due to the increased revenue generated by our PRC subsidiaries.

During the Track Record Period and as at the Latest Practicable Date, we had paid all relevant taxes and had no disputes or any unsolved tax issues with the relevant tax authorities.

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended 31 March 2017 Compared to Year Ended 31 March 2016

Revenue

Our revenue increased by HK\$7.1 million, or 21.3% from HK\$33.3 million for the year ended 31 March 2016 to HK\$40.4 million for the year ended 31 March 2017, primarily because of (i) the increase in the revenue from front office trading system services as a result of the increased sales of our CMS trading system services; and (ii) the increase in the revenue from value-added services as a result of the entering into of four new simulation trading service agreements with the Shenzhen Stock Exchange and two brokerage firms and the entering of two new customised software development service agreements under which we developed platform software for two of our institutional customers in the year ended 31 March 2017.

Direct Costs

Our direct costs slightly increased by HK\$0.5 million, or 5.2% from HK\$9.7 million for the year ended 31 March 2016 to HK\$10.2 million for the year ended 31 March 2017. This was primarily due to the increase in cloud infrastructure leasing fees and others which was in line with the increase in our customers' demand for our cloud infrastructure services in the year ended 31 March 2017.

Other (Losses)/Gains, Net

Our other losses increased by HK\$0.4 million, or 133.3% from HK\$0.3 million for the year ended 31 March 2016 to HK\$0.7 million for the year ended 31 March 2017, mainly because of the increase of net exchange loss from HK\$0.3 million for the year ended 31 March 2016 to HK\$0.7 million for the year ended 31 March 2017 as a result of the depreciation of RMB against HK\$ during this period.

Staff Costs

Our staff costs increased by HK\$2.5 million, or 17.9% from HK\$14.0 million for the year ended 31 March 2016 to HK\$16.5 million for the year ended 31 March 2017. The increase was principally due to (i) the increase in salaries, wages and other benefits and contributions to defined contribution retirement plans as a result of the expansion of our operational scale and the corresponding increase in the number of employees; and (ii) the increase in equity-settled share-based payments as the equity-settled share-based payments were recognised on a straight-line basis and the restricted shares were granted on 16 July 2015 which did not account for the whole year ended 31 March 2016.

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Depreciation and Amortisation

Our depreciation and amortisation increased by HK\$1.2 million, or 240.0% from HK\$0.5 million for the year ended 31 March 2016 to HK\$1.7 million for the year ended 31 March 2017, primarily because of (i) the increase of amortisation of intangible assets by 450.0% from HK\$0.2 million for the year ended 31 March 2016 to HK\$1.1 million for the year ended 31 March 2017 along with the increase in our intangible assets; and (ii) the increase in depreciation of property, plant and equipment by 100.0% from HK\$0.3 million for the year ended 31 March 2016 to HK\$0.6 million for the year ended 31 March 2017 as a result of the addition of our IT and office equipment, including computers, mobiles, servers and office furniture.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by HK\$1.0 million, or 23.8% from HK\$4.2 million for the year ended 31 March 2016 to HK\$5.2 million for the year ended 31 March 2017, mainly because of (i) the increase in equity-settled share-based payments for external consultants as the restricted shares were granted on 16 July 2015 which did not account for the whole year ended 31 March 2016; (ii) the increase in training expenses resulting from the new training sessions for our technical staff; and (iii) the increase in advertising, stationery and travelling fee as a result of the expansion of our operational scale.

Income Tax

Income tax increased by 136.4% from HK\$1.1 million for the year ended 31 March 2016 to HK\$2.6 million for the year ended 31 March 2017, primarily because of the increase in our profit before taxation in the year 31 March 2017 excluding the effect of the non-tax deductible equity-settled share-based payments and listing expenses during the relevant periods.

Profit for the Year

As a result of the foregoing and the recognition of listing expenses of HK\$6.2 million as detailed in the section headed “Financial Information – Listing Expenses”, our profit amounted to HK\$3.4 million for the year ended 31 March 2016 while we incurred a loss of HK\$2.6 million for the year ended 31 March 2017.

Non-HKFRS measures

We recognised equity-settled share-based payments of HK\$4.2 million and HK\$5.9 million respectively, in the years ended 31 March 2016 and 2017 and non-recurring listing expenses of HK\$6.2 million in the year ended 31 March 2017. To supplement our consolidated financial information which are presented in accordance with HKFRS, we also presented the adjusted profit for the year and adjusted net profit margin for the year as non-HKFRS measures. We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of equity-settled

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share-based payments and listing expenses which are considered not indicative in understanding and evaluating our consolidated results of operations in the same manner as our management does and in comparing financial results across accounting periods and to those of our peer companies. We define adjusted profit for the year as our profit for the year by adding back the equity-settled share-based payments and non-recurring listing expenses incurred during the relevant periods. The adjusted net profit margin for the year is defined as dividing the adjusted profit for the year by our total revenue in respective periods. During the Track Record Period, our adjusted profit for the year amounted to HK\$7.6 million and HK\$9.5 million, respectively, and our adjusted net profit margin was 22.9% and 23.5%, respectively, for the years ended 31 March 2016 and 2017.

Year Ended 31 March 2018 Compared to Year Ended 31 March 2017

Revenue

Our revenue increased by HK\$2.8 million, or 6.9% from HK\$40.4 million for the year ended 31 March 2017 to HK\$43.2 million for the year ended 31 March 2018, primarily because of the increase in revenue from front office trading system services as a result of the addition of 22 new institutional customers subscribing our CMS trading system services in the year ended 31 March 2018.

Direct Costs

Our direct costs increased by HK\$1.7 million, or 16.7% from HK\$10.2 million for the year ended 31 March 2017 to HK\$11.9 million for the year ended 31 March 2018. This was due to the increase in licence fees and cloud infrastructure leasing fees and others because of our entering into of the license agreement directly with the Hong Kong Stock Exchange since 1 April 2017 which results in additional connection fees paid to the Hong Kong Stock Exchange and increased expenditure with respect to our new cloud servers for market data storage and two DDNs for market data transmission.

Other (Losses)/Gains, Net

We recorded other losses of HK\$0.7 million in the year ended 31 March 2017 while we had other gains of HK\$0.1 million in the year ended 31 March 2018. The change was because our change from net exchange loss to net exchange gains which was due to the appreciation of RMB against HK\$ during this period.

Staff Costs

Our staff costs increased by HK\$0.9 million, or 5.5% from HK\$16.5 million for the year ended 31 March 2017 to HK\$17.4 million for the year ended 31 March 2018. The increase was principally due to the increase in salaries, wages and other benefits from HK\$10.5 million for the year ended 31 March 2017 to HK\$15.4 million for the year ended 31 March 2018 because of (i) the increase of employees in the year ended 31 March 2018 and most of them are

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relatively senior employees with relatively higher salaries; (ii) the general increase of the staff salaries in the year ended 31 March 2018; and (iii) the payment of discretionary year-end bonus in the year ended 31 March 2018. Such increase was partially offset by the decrease in equity-settled share-based payments from HK\$4.9 million for the year ended 31 March 2017 to HK\$0.9 million for the year ended 31 March 2018. It was because the vesting period of the Pre-IPO Equity Interest Incentive Scheme was extended to reflect our Directors' updated estimate of the progress of the Listing, which in turn resulted in a lower amount of equity-settled share-based payments to be recognised in each month during the year ended 31 March 2018 as compared with that in the year ended 31 March 2017.

Depreciation and Amortisation

Our depreciation and amortisation increased by HK\$0.9 million, or 52.9% from HK\$1.7 million for the year ended 31 March 2017 to HK\$2.6 million for the year ended 31 March 2018, primarily because of the increase in amortisation of intangible assets as a result of the increase in the amortisation of our internally developed software system.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by HK\$0.5 million, or 9.6% from HK\$5.2 million for the year ended 31 March 2017 to HK\$4.7 million for the year ended 31 March 2018, mainly because of (i) the decrease in equity-settled share-based payments for external consultants as the vesting period of the Pre-IPO Equity Interest Incentive Scheme was extended to reflect our Directors' updated estimate of the progress of the Listing, which in turn resulted in a lower amount to recognised in each month during the year ended 31 March 2018 as compared with the year ended 31 March 2017; (ii) the decrease in VAT expenses as all the cross-border professional technical services provided by our PRC subsidiaries during the year ended 31 March 2018 are exempted from VAT and (iii) the decrease in legal and professional fees as the one-off tax consulting service fee and one-off valuation expenses to the Pre-IPO Equity Interest Incentive Scheme were only incurred in the year ended 31 March 2017.

Income Tax

Income tax decreased by 34.6% from HK\$2.6 million for the year ended 31 March 2017 to HK\$1.7 million for the year ended 31 March 2018, primarily because of the decrease in our profit before taxation in the year ended 31 March 2018 excluding the effect of the non-tax deductible equity-settled share-based payments and listing expenses during the relevant periods.

Loss for the Year

As a result of the foregoing and the recognition of listing expenses of HK\$6.2 million and HK\$6.1 million, respectively, in the year ended 31 March 2017 and year ended 31 March 2018 as detailed in the section headed "Financial Information – Listing Expenses", our loss amounted to HK\$2.6 million and HK\$1.1 million, respectively, for the years ended 31 March 2017 and 2018.

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Non-HKFRS measures

We recognised equity-settled share-based payments of HK\$5.9 million and HK\$1.0 million respectively, for the years ended 31 March 2017 and 2018 and non-recurring listing expenses of HK\$6.2 million and HK\$6.1 million, respectively, for the years ended 31 March 2017 and 2018. To supplement our consolidated financial information which are presented in accordance with HKFRS, we also presented the adjusted profit for the year and adjusted net profit margin for the year as non-HKFRS measures. We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of equity-settled share-based payments and listing expenses which are considered not indicative in understanding and evaluating our consolidated results of operations in the same manner as our management does and in comparing financial results across accounting periods and to those of our peer companies. We define adjusted profit for the year as our profit for the year by adding back the equity-settled share-based payments and non-recurring listing expenses incurred during the relevant periods. The adjusted net profit margin for the year is defined as dividing the adjusted profit for the year by our total revenue in respective periods. During the Track Record Period, our adjusted profit for the year amounted to HK\$9.5 million and HK\$6.1 million, respectively, and our adjusted net profit margin was 23.5% and 14.1%, respectively, for the years ended 31 March 2017 and 2018.

CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Trade and Other Receivables

Trade and other receivables primarily consist of (i) trade receivables mainly representing the service fees receivable from our customers for front office trading system services, market data services and value-added services; (ii) deposits and other receivables, which primarily include the payment of service fees to the Hong Kong Stock Exchange on behalf of our customers, deposit paid to the Hong Kong Stock Exchange for our market data vendor licence and deposit for the lease of our offices; and (iii) prepaid expenses primarily representing listing expenses which were expected to be charged against equity upon successful Listing under the relevant accounting guidelines. The following table sets forth the breakdown of our trade and other receivables as at the dates indicated:

	As at 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	7,625	8,584	10,788
Deposits and other receivables	265	2,069	2,349
Less: allowance for doubtful debts	–	–	(706)
Prepaid expenses	447	2,265	4,590
Total	8,337	12,918	17,021

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As at 31 March 2017 and 2018, we had HK\$12.9 million and HK\$17.0 million trade and other receivables, respectively, representing an increase of 31.8% from 31 March 2017 to 31 March 2018. The increase in trade and other receivables was primarily attributable to the combined effect of (i) the increase in trade receivables which was attributable to the increase in the number of institutional customers subscribing our CMS trading system services in the year ended 31 March 2018; (ii) the increase in prepaid expenses relating to the listing expenses which were expected to be charged against equity upon successful Listing under the relevant accounting guidelines in the year ended 31 March 2018 and (iii) the increase in allowance for doubtful debts as at 31 March 2018 which was related to the trade and other receivables due from one institutional customer with respect to cloud infrastructure services and four institutional customers with respect to market data services, which our Directors considered difficult to collect from the relevant customers.

As at 31 March 2016 and 2017, we had HK\$8.3 million and HK\$12.9 million trade and other receivables, respectively, representing an increase of 55.4% from 31 March 2016 to 31 March 2017. The increase in trade and other receivables was primarily attributable to (i) the increase in the number of institutional customers as a result of the expansion of our operational scale; and (ii) the increase in prepaid expenses relating to the listing expenses which were expected to be charged against equity upon successful Listing under the relevant accounting guidelines in the year ended 31 March 2017.

We did not hold any collateral over our trade and other receivables balances. Trade receivables as at 31 March 2018 consisted of (i) HK\$5.2 million, primarily representing receivables from customers of our front office trading system services which we were entitled to according to our revenue recognition policy under HKFRS but for which we had not issued invoices to our customers under the payment terms of the relevant service contracts; and (ii) HK\$5.5 million, representing the receivables from customers for which we were entitled to under HKFRS and had issued invoices under the relevant service contracts. All of the trade receivables as at 31 March 2018 were expected to be recovered within one year. As at the Latest Practicable Date, HK\$1.6 million or 30.4% of our un-invoiced trade receivables as at 31 March 2018 had been settled because a large portion of our un-invoiced trade receivables for our front office trading system services were recognised as revenue and trade and receivables under HKFRS but we had not issued invoices to our customers under the payment terms of the relevant service contracts. As at the Latest Practicable Date, HK\$5.3 million or 95.5% of our invoiced trade receivables as at 31 March 2018 had been settled.

Our group will first adopt HKFRS 9, *Financial Instrument*, and HKFRS 15, *Revenue from Contract with Customers*, in the financial year ending 31 March 2019. The impact of the initial adoption of such new financial reporting standards will be disclosed in more details in our Company's interim/annual report after the Listing.

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As part of our new customers acceptance procedures, we generally evaluated all customers' credit status with focus on their current ability to pay, taking into account the backgrounds of the relevant customers as well as the economic environment in which the customers operated. We generally did not provide any credit term to our customers and the service fees were due and payable by the customers on the relevant invoice dates. Generally, invoices for our front office trading system services are issued to our customers on a monthly basis after entering into the service contracts. Invoices for our market data services are issued on a monthly basis after we send the data usage to our customer and without receiving any objection from the customer in a few days. The invoices for market data service will usually be issued within the next month. For our value-added services, we issue invoices to our customers according to the relevant service agreements usually within a week after signing of the service agreements. Although we would require a certain period of time to issue invoices and the customers generally would require some time to handle our invoices and process payment, our Company had not encountered any significant delay in issuing invoices and recovering the trade receivables from customers during the Track Record Period.

During the Track Record Period, most of our trade receivables were aged within one month. The following table sets forth the aging analysis of trade receivables based on invoice date, as at the dates indicated:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	6,637	5,721	7,593
1 to 3 months	634	2,302	2,605
3 to 6 months	223	365	294
Over 6 months	131	196	202
Total	7,625	8,584	10,694

The following table sets forth the aging analysis of trade receivables which were neither individually nor collectively considered to be impaired, as at the dates indicated:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	5,691	4,234	6,091
Less than 1 month past due	946	1,487	1,502
1 to 3 months past due	634	2,302	2,605
3 to 6 months past due	223	365	294
Over 6 months past due	131	196	202
Total	7,625	8,584	10,694

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Trade receivables which were neither past due nor impaired related to a range of customers which had no recent history of default. These amounts were due to the difference between the due date for the relevant payments which are normally the invoice date and the date for recognising trade receivables.

Trade receivables which were past due but not impaired related to a number of independent customers who had good track records with our Group. Based on past experience, our management believed that no impairment allowance was necessary in respect of these balances as there had not been significant change in credit quality and the balances were still considered fully recoverable.

Impairment losses in respect of trade debtors and other receivables were recorded using an allowance account unless the Group was satisfied that the possibility for the amount to be recovered was remote. As at 31 March 2018, the Group's trade receivables of HK\$94,500 and other receivables of HK\$0.6 million were individually determined to be impaired. Consequently, specific allowances for doubtful debts totalling HK\$0.7 million were recognised. None of the Group's trade and other receivables was individually or collectively considered to be impaired as at 31 March 2017 and 2016.

The following table sets forth the turnover days of trade receivables for the periods indicated:

	Year Ended 31 March		
	2016	2017	2018
Turnover days of trade receivables ⁽¹⁾	83.6	77.6	90.3

Note:

- (1) Turnover days of trade receivables is calculated as the ending balances of trade receivables divided by the revenue for the relevant period and multiplied by the number of days contained in that period.

In terms of the invoiced trade receivables which represent the receivables from customers for which we are entitled to under HKFRS and have issued invoices under the relevant service contracts as discussed above, the turnover days of invoiced trade receivables, which is calculated based on the ending balances of invoiced trade receivables divided by the revenue for the relevant period and multiplied by the number of days contained in that period, were 39.4 days, 39.3 days and 46.8 days, respectively, for the years ended 31 March 2016, 2017 and 2018.

Our average turnover days of trade receivables decreased from 83.6 days for the year ended 31 March 2016 to 77.6 days for the year ended 31 March 2017 as the increase in our revenue outpaced the increase of trade receivables. Our average turnover days of trade receivables increased from 77.6 days for the year ended 31 March 2017 to 90.3 days for the year ended 31 March 2018 due to the increase in trade receivables which was attributable to the increase in the number of institutional customers subscribing our CMS trading system services in the year ended 31 March 2018.

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Trade and Other Payables

The following table sets forth the breakdown of our trade and other payables as at the dates indicated:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	90	204	1,351
Receipt in advance	3,162	5,614	7,663
Other payables and accrued liabilities	2,212	2,291	3,916
Total	5,464	8,109	12,930

Trade Payables

Our trade payables primarily represent amounts payable for the procurement of market data and cloud infrastructure services. As at 31 March 2016, 2017 and 2018, we had trade payables amounting to HK\$0.1 million, HK\$0.2 million and HK\$1.4 million, respectively.

During the Track Record Period, Tele-Trend Limited had provided certain market data services and cloud infrastructure services to us. Please refer to the sections headed “Business – Customers – Overlapping Customer and Supplier” and “Business – Suppliers – Market Data Suppliers – Market Data Vendor Licence Agreement with Exchanges and Other Market Data Vendor – Sub-licence by Tele-Trend Limited” for more information. However, as Tele-Trend Limited is our former shareholder, our payables to Tele-Trend Limited, which are in trade in nature, are recognised as amounts due to former shareholders. To supplement the presentation of our trade payables, our management considers the trade-related payables, which include trade payables and the amount due to Tele-Trend Limited for the relevant periods, a better analytical tool to understand our trade payable positions. Our trade-related payables amounted HK\$2.9 million, HK\$1.4 million and HK\$1.6 million, respectively, as at 31 March 2016, 2017 and 2018. All of the trade-related payables as at 31 March 2018 are expected to be settled within one year. As at the Latest Practicable Date, all of our trade-related payables as at 31 March 2018 had been settled.

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During the Track Record Period, most of our trade payables were aged within one month. The following table sets forth the aging analysis of trade payables based on the invoice date, as at the dates indicated:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	29	190	735
1 to 2 months	31	3	616
2 to 3 months	30	11	–
Total	90	204	1,351

The following table sets forth our turnover days of trade payables for the periods indicated:

	Year Ended 31 March		
	2016	2017	2018
Turnover days of trade payables ⁽¹⁾	3.4	7.3	41.4

Note:

- (1) Turnover days of trade payables is calculated based on the ending balances of trade payables for the year, divided by the direct costs for the relevant period and multiplied by the number of days contained in that period.

In terms of trade-related payables as discussed above, the turnover days of trade-related payables, which is calculated based on the ending balances of trade-related payables for the year divided by the direct costs for the relevant period and multiplied by the number of days contained in the period, were 110.1 days, 51.6 days and 48.5 days, respectively, for the years ended 31 March 2016, 2017 and 2018. The decrease from the year ended 31 March 2016 to the year ended 31 March 2017 was primarily due to the settlement of balance between our Group and Tele-Trend Limited. The turnover days of trade-related payables for the year ended 31 March 2018 was relatively stable as compared to the year ended 31 March 2017.

For the year ended 31 March 2016, 2017 and 2018, our turnover days of trade payables were 3.4 days, 7.3 days and 41.4 days, respectively. The increase from the year ended 31 March 2016 to the year ended 31 March 2017 was primarily due to our increase of trade payables to a cloud infrastructure service provider as at 31 March 2017. The increase from the year ended 31 March 2017 to the year ended 31 March 2018 was primarily due to our direct entering into of market data vendor licence agreement with the designated data dissemination entity of HKEX on 31 March 2017 and the trade-related amount payable to Tele-Trend Limited was classified as amount due to former shareholders instead of trade payables as at 31 March 2017.

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Receipt in Advance

Our receipt in advance consist of the upfront payment received from our customers for the front office trading system services, market data services and value-added services. As at 31 March 2016, 2017 and 2018, we had receipt in advance amounting to HK\$3.2 million, HK\$5.6 million and HK\$7.7 million, respectively. The increase in the years ended 31 March 2017 and 2018 was generally in line with the expansion of our operational scale.

Other Payables and Accruals

Other payables and accruals primarily comprise staff salary and welfare payables and other tax payables. Other tax payables represent the VAT and surcharges payables.

NET CURRENT (LIABILITIES)/ASSETS

The following table sets forth our current assets, current liabilities and net current (liabilities)/assets as at the dates indicated:

	As at 31 March			<i>(unaudited)</i> As at 31 July
	2016	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets				
Trade and other receivables	8,337	12,918	17,021	10,816
Cash and cash equivalents	3,339	12,648	8,087	7,685
Amounts due from directors	–	318	808	–
Income tax recoverable	–	–	352	352
Subtotal	<u>11,676</u>	<u>25,884</u>	<u>26,268</u>	<u>18,853</u>
Current liabilities				
Trade and other payables	5,464	8,109	12,930	11,518
Amounts due to former shareholders	3,017	1,403	233	233
Amount due to a fellow subsidiary	1,900	8,196	7,413	–
Amounts due to a director	182	–	–	–
Income tax payable	2,874	1,494	1,269	269
Other borrowings	–	–	–	5,000
Subtotal	<u>13,437</u>	<u>19,202</u>	<u>21,845</u>	<u>17,020</u>
Net current (liabilities)/assets	<u>(1,761)</u>	<u>6,682</u>	<u>4,423</u>	<u>1,833</u>

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As at 31 March 2016, we had net current liabilities of HK\$1.8 million, which primarily reflected (i) our trade and other payables comprising the receipt in advance of upfront payments received from our customers for front office trading system services, market data services and value-added services; (ii) amounts due to former shareholders, comprising the amount due to Tele-Trend Limited, our former shareholder and also one of our major customers and suppliers, which was trade in nature, resulting from the trading activities between our Group and Tele-Trend Limited and the amount due to Mr. Liu Zhenyu, which was non-trade in nature; (iii) amount due to TradeBook Global, which was non-trade in nature, as a result of the prepayment by TradeBook Global Limited of the proceeds for issue of 10,000 new ordinary shares by Tele-Trend Konson; (iv) amounts due to Mr. Liu Yong, our Director, which was non-trade in nature; and (v) income tax payable to relevant tax authorities.

As at 31 March 2017, we had net current assets of HK\$6.7 million. As compared to our net current liabilities of HK\$1.8 million as at 31 March 2016, the significant change was primarily attributable to (i) the increase in trade and other receivables from HK\$8.3 million as at 31 March 2016 to HK\$12.9 million as at 31 March 2017; and (ii) the significant increase in cash and cash equivalents from HK\$3.3 million as at 31 March 2016 to HK\$12.6 million primarily because of the HK\$5.6 million cash received for the proceeds for issue of 10,000 new ordinary shares by Tele-Trend Konson and the increase in cash generated from our operating activities. Please refer to the section headed “Financial Information – Certain Statement of Financial Position Items – Trade and Other Receivables” for more information on the increase in our trade and other Receivables. Such increase was partially offset by (i) the increase in trade and other payables from HK\$5.5 million as at 31 March 2016 to HK\$8.1 million as at 31 March 2017 which was generally in line with the expansion of our operational scale; and (ii) the increase in amount due to the immediate holding company, which was non-trade in nature, from HK\$1.9 million as at 31 March 2016 to HK\$8.2 million as at 31 March 2017 mainly as a result of the amount due to TradeBook Global for the payment of listing expenses on behalf of our Group.

As at 31 March 2018, we had net current assets of HK\$4.4 million. As compared to our net current assets of HK\$6.7 million as at 31 March 2017, the decrease was primarily attributable to (i) the decrease in cash and cash equivalent from HK\$12.6 million as at 31 March 2017 to HK\$8.1 million as at 31 March 2018 as a result of the payment of development costs of intangible assets of our internally developed software systems and (ii) the increase in trade and other payables from HK\$8.1 million as at 31 March 2017 to HK\$12.9 million as at 31 March 2018 as a result of the increase in the accrued salaries of our employees in the year ended 31 March 2018.

As at 31 July 2018, our net current assets decreased to HK\$1.8 million, consisting of current assets of HK\$18.8 million and current liabilities of HK\$17.0 million, from our net current assets of HK\$4.4 million as at 31 March 2018. Such decrease was primarily attributable to (i) the settlement of amounts due from directors and the amount due to a fellow subsidiary; (ii) the decrease in trade and other receivables due to our collection of trade receivables and our adoption of the HKFRS 15 and HKFRS 9 for the year ending 31 March 2019 which impacts our revenue recognition policies and (iii) the increase in other borrowings of HK\$5.0 million due to our borrowings incurred with Yue Xiu Investment Consultants Limited on 3 July 2018.

As we may continue to incur net current liabilities in the future, please refer to the section headed “Risk Factors – We had net current liabilities during the Track Record Period and may continue to have net current liabilities in the future.” for more information.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth the selected cash flow data from the consolidated cash flow statements for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit before changes in working capital	9,542	8,240	4,646
Changes in working capital:			
Increase in trade and other receivables	(4,272)	(2,619)	(2,803)
Increase in trade and other payables	1,106	2,804	4,367
Decrease in amount due to a former shareholder	(1,051)	(1,424)	(1,001)
(Decrease)/increase in amount due to a fellow subsidiary	–	6,184	(567)
Tax paid	(666)	(2,576)	(1,968)
Net cash generated from operating activities	4,659	10,609	2,674
Net cash used in investing activities	(3,509)	(4,481)	(5,054)
Net cash (used in)/generated from financing activities	(97)	3,353	(2,495)
Net increase/(decrease) in cash and cash equivalents	1,053	9,481	(4,875)
Cash and cash equivalents at the beginning of the year	2,332	3,339	12,648
Effect of foreign exchange rate changes	(46)	(172)	314
Cash and cash equivalents at the end of the year	3,339	12,648	8,087
<i>Non-HKFRS Measures</i>			
Adjusted operating cash flow before changes in working capital⁽¹⁾	9,542	14,423	10,777

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Note:

- (1) To supplement our consolidated financial information which are presented in accordance with HKFRS, we also presented adjusted operating cash flow before changes in working capital as non-HKFRS measures. We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of non-recurring listing expenses which are considered not indicative in understanding and evaluating our results of operations in the same manner as our management does and in comparing financial results across accounting periods and to those of our peer companies.

We define adjusted operating cash flow before changes in working capital for the year as operating cash flows before changes in working capital net of the non-recurring listing expenses incurred during the relevant periods. The term of adjusted operating cash flow before changes in working capital is not defined under HKFRS. The use of adjusted operating cash flow before changes in working capital has material limitations as an analytical tool, as it does not include all items that impact our cash flow for the relevant periods. Items excluded from adjusted operating cash flow before changes in working capital are significant components in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for these non-HKFRS measures, when assessing our operating and financial performance, you should not consider adjusted operating cash flow before changes in working capital in isolation or as a measure that is calculated in accordance with HKFRS. In addition, because these non-HKFRS measures may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies.

Net cash generated from operating activities

We derive our cash inflow from operating activities primarily through service fees generated by our front office trading system services, market data services and value-added services. Cash outflow from operating activities is primarily used for direct costs and staff costs relating to our operations. Our net cash flow generated from operating activities primarily reflects (i) our profit before taxation, as adjusted for depreciation, amortisation of intangible assets, interest income, equity-settled share-based payments, net exchange loss and loss on disposal of property, plant and equipment; (ii) the effects of movements in working capital; and (iii) tax paid.

For the year ended 31 March 2016, we had net cash generated from operating activities of HK\$4.7 million, as a result of the combined effects of (i) operating profit before changes in working capital of HK\$9.5 million; (ii) increase in trade and other receivables of HK\$4.3 million primarily due to the increase in the number of customers as a result of the expansion of our operational scale in the year ended 31 March 2016; (iii) increase in trade and other payables of HK\$1.1 million primarily due to the increase of receipt in advance resulted from new service agreements and the increase in VAT and surcharges payables in the year ended 31 March 2016; (iv) decrease in amount due to a former shareholder of HK\$1.1 million primarily as a result of the settlement of amount due to Tele-Trend Limited; and (v) tax paid of HK\$0.7 million.

FINANCIAL INFORMATION

For the year ended 31 March 2017, we had net cash generated from operating activities of HK\$10.6 million, as a result of the combined effects of (i) operating profit before changes in working capital of HK\$8.2 million; (ii) increase in trade and other receivables of HK\$2.6 million, primarily due to the continued increase in the number of our customers and the payment of service fees to the Hong Kong Stock Exchange on behalf of our customers in the year ended 31 March 2017; (iii) increase in trade and other payables of HK\$2.8 million, primarily due to the receipt in advance under the two service agreements entered into in the year ended 31 March 2017 to provide customised software development services under which the service fees were paid after execution of the service agreements and before the completion of the relevant services and the increased sale of our front office trading system services; (iv) increase in amount due to the immediate holding company of HK\$6.2 million which primarily represents the amount due to TradeBook Global, our previous shareholder prior to the completion of Reorganisation, for the payment of listing expenses on behalf of our Group; and (v) tax paid of HK\$2.6 million.

For the year ended 31 March 2018, we had net cash generated from operating activities of HK\$2.7 million, as a result of the combined effects of (i) operating profit before changes in working capital of HK\$4.6 million; (ii) increase in trade and other receivables of HK\$2.8 million, primarily due to the increase of new institutional customers subscribing our front office trading system services in the year ended 31 March 2018; (iii) increase in trade and other payables of HK\$4.4 million, primarily due to the increase of the payables in accrued salaries of our employees in the year ended 31 March 2018; and (iv) decrease in amount due to a former shareholder of HK\$1.0 million as a result of the settlement of amount due to Tele-Trend Limited.

Net cash used in investing activities

Our cash used in investing activities mainly reflects our cash used in payments for the purchase of property, plant and equipment and development of intangible assets.

For the year ended 31 March 2016, our net cash used in investing activities were HK\$3.5 million, primarily comprising (i) the payment of HK\$1.7 million for the purchase of computer equipment, such as computers and mobile devices; and (ii) the payment of HK\$1.8 million for the development costs of our internally developed software systems.

For the year ended 31 March 2017, our net cash used in investing activities amounted to HK\$4.5 million, primarily representing the payment of HK\$3.9 million for the development costs of intangible assets of our internally developed software systems.

For the year ended 31 March 2018, our net cash used in investing activities amounted to HK\$5.1 million, primarily representing the payment of HK\$4.3 million representing the development costs of our internally developed software systems.

FINANCIAL INFORMATION

Net cash (used in)/generated from financing activities

Cash inflows from financing activities mainly comprised proceeds from issue of shares by Tele-Trend Konson. Our cash used in financing activities reflected the dividends paid by Tele-Trend Konson to its shareholders.

In the year ended 31 March 2016, our net cash flows used in financing activities amounted to HK\$0.1 million, primarily comprising (i) the increase in amount due to the immediate holding company of HK\$1.9 million as a result of prepayment by TradeBook Global of the proceeds for issue of 10,000 new ordinary shares by Tele-Trend Konson; and (ii) the dividends paid of HK\$2.0 million in relation to the dividends declared by Tele-Trend Konson to TradeBook Global Limited in the year ended 31 March 2016.

In the year ended 31 March 2017, our net cash flows generated from financing activities amounted to HK\$3.4 million, primarily attributable to (i) the proceeds from issue of shares of HK\$5.6 million as a result of part of the cash settlement of the 10,000 new ordinary shares issued by Tele-Trend Konson; and (ii) the dividends paid of HK\$1.8 million in relation to the dividends declared by Tele-Trend Konson to TradeBook Global in the year ended 31 March 2017.

In the year ended 31 March 2018, our net cash flows used in financing activities amounted to HK\$2.5 million, primarily attributable to the payment of listing expenses of HK\$2.0 million.

Working Capital

During the Track Record Period, we financed our operations mainly with cash generated from operating activities and cash contributed by our shareholders. Our cash requirements primarily include financing of our operations and satisfying our research and development needs. In addition to financing our operations with the proceeds from the Share Offer, we will continue to rely on cash flow generated from operations. We also intend to continue to optimise our financing policies to shorten cash turnover period and optimise our use of working capital.

Taking into account the financial resources available to us, including cash flow from operating activities and the estimated net proceeds from the Share Offer, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus. After due consideration and discussions with our senior management and based on the above, the Sole Sponsor confirms that the aforesaid working capital sufficiency statement has been made by our Directors after due and careful enquiry.

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INDEBTEDNESS AND CONTINGENT LIABILITIES

As at 31 July 2018, there were no material contingent liabilities or guarantees.

As at 31 July 2018, we had total outstanding other borrowings of HK\$5.0 million, which was owed under the term facility from Yue Xiu Investment Consultants Limited incurred on 3 July 2018 with the maturity date on 3 October 2018.

As at 31 July 2018, we did not have any other outstanding mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, financial leasing commitments, hire purchase commitment.

Our Directors have confirmed that there has been no material adverse change in our indebtedness and contingent liabilities since 31 July 2018 and up to the date of this prospectus.

RELATED PARTY TRANSACTIONS

The following table sets forth the material related party transactions entered into by our Group for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Sales to Tele-Trend Limited	1,947	965	–
Sales to TSCI Research (H.K.) Limited	–	267	–
Market data service fee to Tele-Trend Limited	7,727	5,475	–
Management fee to Tele-Trend Limited	60	45	–
Commission to Tele-Trend Limited	33	–	–
Staff cost recharged by Shenzhen Rongyi	1,977	–	–
Management fee paid to Shenzhen Rongyi	453	–	–

Tele-Trend Limited ceased to be our related party in December 2016.

Sales to Tele-Trend Limited refers to our provision of cloud infrastructure services to Tele-Trend Limited.

Sales to TSCI Research (H.K.) Limited refers to our provision of market data services with respect to historical market data of the Shanghai Stock Exchange, the Shenzhen Stock Exchange and NASDAQ to TSCI Research (H.K.) Limited. TSCI Research (H.K.) Limited is the subsidiary of Tele-Trend Limited.

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Market data service fee to Tele-Trend Limited refers to the provision of market data service with respect to market data of the Hong Kong Stock Exchange and Hang Seng Index by Tele-Trend Limited prior to our obtaining of the relevant market data vendor licences in April 2017. Please refer to the section headed “Business – Suppliers – Market Data Suppliers – Sub-licence by Tele-Trend Limited” for more information.

Management fee to Tele-Trend Limited refers to the fees relating to the lease of broadband and office from Tele-Trend Limited.

Commission to Tele-Trend Limited refers to the one-off commission paid to Tele-Trend for referral of customers to us.

Staff cost recharged by Shenzhen Rongyi and management fee paid to Shenzhen Rongyi refer to the costs and expenses resulted from the provision of certain services by Shenzhen Rongyi to us prior to the acquisition of Shenzhen Rongyi in March 2016.

During the year ended 31 March 2018, the Group entered into no material related party transactions with other related parties.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditure comprised expenditure for purchase of property, plant and equipment including furniture and office equipment and computer equipment and intangible assets, being the development costs of our internally developed software systems, which include direct labour costs comprising the salaries, wages and other benefits and contributions to defined contribution retirement plans in relation to our staff responsible for development of the internally developed software systems and the related overhead, such as office rentals. The following table sets out our capital expenditure for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase of property, plant and equipment	1,712	408	603
Purchase of intangible assets	1,800	3,900	4,288
Total capital expenditure	3,512	4,308	4,891

FINANCIAL INFORMATION

In the year ending 31 March 2019, we expect to incur capital expenditure in an aggregate amount of HK\$9.1 million to purchase office and computer equipment and payments for development costs of our internally developed software products. As at the Latest Practicable Date, we had no committed capital expenditure. We expect to fund the capital expenditure with proceeds from the Share Offer, cash flows from operating activities. Please refer to the section headed “Financial Information – Liquidity and Capital Resources – Working Capital” for more information.

Operating Lease Commitments

We lease various offices under non-cancellable operating lease agreements. The following table sets forth our future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	1,528	952	2,067
After 1 year but within 5 years	1,010	–	1,141
Total	2,538	952	3,208

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year ended 31 March		
	2016	2017	2018
Net profit margin ⁽¹⁾	10.3%	(6.5)%	(2.5)%
Adjusted net profit margin ⁽²⁾	22.9%	23.5%	14.1%
Return on equity ⁽³⁾	80.0%	(19.2)%	(7.6)%
Adjusted return on equity ⁽⁴⁾	178.0%	69.1%	43.4%
Return on total assets ⁽⁵⁾	19.3%	(8.0)%	(3.0)%
Adjusted return on total assets ⁽⁶⁾	43.0%	28.8%	17.0%
Current ratio ⁽⁷⁾	0.9	1.3	1.2
Trade receivable turnover			
days ⁽⁸⁾	83.6	77.6	90.3
Trade payable turnover days ⁽⁹⁾	3.4	7.3	41.4

FINANCIAL INFORMATION

Notes:

- (1) Profit for the year divided by revenue for the year and multiplied by 100%. Please refer to the section headed “Financial Information – Period to Period Comparison of Results of Operations – Profit for the Year” for more information.
- (2) Adjusted profit for the year divided by revenue for the year and multiplied by 100%. Please refer to the section headed “Financial Information – Period to Period Comparison of Results of Operations – Profit for the Year – Non-HKFRS measures” for more information.
- (3) Profit for the year divided by total equity as at the end of the year and multiplied by 100%.
- (4) Adjusted profit for the year divided by total equity as at the end of the year and multiplied by 100%.
- (5) Profit for the year divided by total assets as at the end of the year and multiplied by 100%.
- (6) Adjusted profit for the year divided by total assets as at the end of the year and multiplied by 100%.
- (7) Current assets divided by current liabilities.
- (8) The ending balances of trade receivables at the end of the year, divided by the revenue for the year and multiplied by the number of days contained in that period. Please refer to the section headed “Financial Information – Certain Statement of Financial Position Items – Trade and other receivables” for more information.
- (9) The ending balances of trade payables at the end of the year, divided by the direct costs for the year and multiplied by the number of days contained in that period. Please refer to the section headed “Financial Information – Certain Statement of Financial Position Items – Trade and Other Payables” for more information.

Net Profit Margin and Adjusted Net Profit Margin

Please refer to the sections headed “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2017 Compared to Year Ended 31 March 2016 – Profit for the year” and “Financial Information – Period to Period Comparison of Results of Operations – Year Ended 31 March 2018 Compared to Year Ended 31 March 2017 – Loss for the Year” for more information.

Return on Equity and Adjusted Return on Equity

The decrease in our return on equity from the year ended 31 March 2016 to the year ended 31 March 2017 was primarily because of the significant decrease in our profit for the year as a result of the recognition of equity-settled share-based payments of HK\$5.9 million and listing expenses of HK\$6.2 million in the year ended 31 March 2017. The increase in our return on equity from the year ended 31 March 2017 to the year ended 31 March 2018 was primarily due to the decrease in our loss for the year as a result of the decrease in the recognition of equity-settled share-based payments by HK\$4.9 million. Adding back the equity-settled share-based payments and non-recurring listing expenses, our adjusted return on equity amounted to 178.0%, 69.1% and 43.4%, respectively, for the years ended 31 March 2016, 2017 and 2018. The decrease from the year ended 31 March 2016 to the year ended 31 March 2017 was primarily due to the capital injection of HK\$7.5 million from our shareholders in the year ended 31 March 2017. The decrease from the year ended 31 March 2017 to the year ended 31 March 2018 was primarily due to the decrease of our adjusted profit for the year from HK\$9.5 million for the year ended 31 March 2017 to HK\$6.1 million for the year ended 31 March 2018.

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Return on Total Assets and Adjusted Return on Total Assets

In the years ended 31 March 2016 and 2017, the decrease in our return on total assets was primarily due to the significant decrease in our profit for the year as a result of the recognition of equity-settled share-based payments of HK\$5.9 million and listing expenses of HK\$6.2 million in the year ended 31 March 2017. In the years ended 31 March 2017 and 2018, the increase in our return on total assets was primarily due to the decrease in our loss for the year as a result of the decrease in the recognition of equity-settled share-based payments by HK\$4.9 million. Adding back the equity-settled share-based payments and non-recurring listing expenses, our adjusted return on total assets amounted to 43.0%, 28.8% and 17.0%, respectively, for the years ended 31 March 2016, 2017 and 2018. The decrease from the year ended 31 March 2016 to the year ended 31 March 2017 was primarily due to the significant increase in our total assets as a result of the capital injection of HK\$7.5 million from our shareholders for the year ended 31 March 2017. The decrease from the year ended 31 March 2017 to the year ended 31 March 2018 was primarily due to the decrease of our adjusted profit for the year from HK\$9.5 million for the year ended 31 March 2017 to HK\$6.1 million for the year ended 31 March 2018.

Current Ratio

Our current ratio increased from 0.9 as at 31 March 2016 to 1.3 as at 31 March 2017 because the increase in our current assets as a result of the capital injection of HK\$7.5 million from our shareholders outpaced the increase of our current liabilities. Our current ratio was relatively stable at 1.3 as at 31 March 2017 and 1.2 as at 31 March 2018 and there was no material fluctuation.

Trade Receivable Turnover Days and Trade Payables Turnover Days

Please refer to the sections headed “Financial Information – Certain Statement of Financial Position Items – Trade and Other Receivables” and “Financial Information – Certain Statement of Financial Position Items – Trade and Other Payables” for more information.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of business, including credit risk, liquidity risk and foreign currency risk. We have not used any derivatives or other instruments for hedging purposes.

FINANCIAL INFORMATION

Credit Risk

Our credit risk is primarily attributable to bank deposits and trade and other receivables. We have a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and we have exposure limit to any single financial institution. Given their high credit ratings, we do not expect any of these financial institutions and counter parties will fail to meet their obligations.

In respect of trade and other receivables, individual credit evaluations are performed as part of the acceptance procedures for new customers. These evaluations focus on the customer's payment history and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due immediately from invoice date. Normally, we do not obtain collateral from customers.

In view of our Group's diversified customer base and their credit standing, good payment record and long established relationships with our Group, our management does not consider our Group's credit risk to be significant. As at 31 March 2016, 2017 and 2018, 6.3%, 2.7% and 3.5%, respectively, of the total trade receivables was due from our largest customer and 17.3%, 11.7% and 15.2%, respectively, of the total trade receivables was due from our five largest customers. In view of their credit standing, good payment record and long established relationships with our Group, our management does not consider our Group's credit risk to be significant.

Please refer to the section headed "Financial Information – Certain Statement of Financial Position Items – Trade and Other Receivables" for quantitative discussions of our Group's exposure to credit risk arising from trade and other receivables.

Liquidity Risk

Our liquidity policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

All financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flows as all the financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

Foreign Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currency giving rise to this risk are primarily RMB and USD.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the operating lease commitments, as at the Latest Practicable Date, we had not entered into any off-balance sheet commitments and arrangements.

DIVIDENDS

Except for the dividends declared by Tele-Trend Konson as detailed in the section headed “Financial Information – Liquidity and Capital Resources – Net cash (used in)/generated from financing activities” in this prospectus, our Company had not declared any dividend to our shareholders during the Track Record Period. As at the Latest Practicable Date, our Company did not have any predetermined dividend payout ratio. After completion of the Share Offer, our Directors may at their discretion declare dividends to our Shareholders, after having regard to our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions and other factors as it may deem relevant at such time.

Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, the PRC laws and the Cayman Islands Company Law, including the approval of our Shareholders. Under the applicable PRC laws, our subsidiary in the PRC may only distribute after-tax profits after it has made allocations or allowances for recovery of accumulated losses and allocations of the statutory reserves. Any distributable profits that are not distributed in any given year will be retained and 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 operations.

DISTRIBUTABLE RESERVES

As at 31 March 2018, our Company did not have distributable reserves.

LISTING EXPENSES

Our listing expenses mainly consist of underwriting commissions, professional fees paid to the reporting accountants, legal advisers and other professional advisers for their services rendered in relation to the Listing and the Share Offer. The estimated total listing expenses (based on the midpoint of our indicative price range for the Share Offer and assuming that the Offer Size Adjustment Option is not exercised, including underwriting commissions and excluding any discretionary incentive fee which may be payable by us) for the Share Offer are approximately HK\$33.3 million. During the Track Record Period, we incurred actual listing expenses of HK\$16.2 million, of which HK\$6.2 million was charged to our consolidated statement of profit or loss for the year ended 31 March 2017, HK\$6.1 million was charged to our consolidated statement of profit or loss for the year ended 31 March 2018 and HK\$3.9 million are expected to be charged against equity upon successful Listing under the relevant accounting guidelines. We expect to incur further listing expenses of approximately HK\$17.1 million, of which HK\$10.1 million will be charged to our consolidated statement of profit or loss for the year ending 31 March 2019 and HK\$7.0 million will be charged against equity upon successful Listing under the relevant accounting guidelines for the year ending 31 March 2019.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules is to illustrate the effect of the Share Offer on the net tangible assets of our Group attributable to shareholders of our Company as at 31 March 2018 as if the Share Offer had taken place on 31 March 2018.

The unaudited pro forma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Share Offer been completed as at 31 March 2018 or at any future dates.

	Consolidated net tangible assets of our Group as at 31 March 2018⁽¹⁾	Estimated net proceeds from the Share Offer⁽²⁾	Unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 March 2018	Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share⁽³⁾⁽⁴⁾
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
Based on an Offer Price of HK\$0.64 per Share	7,122	59,487	66,609	0.133
Based on an Offer Price of HK\$0.80 per Share	7,122	78,687	85,809	0.172

Notes:

- (1) The consolidated net tangible assets of our Group as at 31 March 2018 is arrived at after deducting intangible assets of HK\$6,954,263 from the total consolidated net assets of our Group of HK\$14,076,591 as at 31 March 2018, as extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on the estimated offer prices of HK\$0.64 per Share (being the minimum Offer Price) and HK\$0.80 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses (excluding listing expenses of approximately HK\$12,314,540 which have already been charged to the consolidated statements of comprehensive income during the Track Record Period), and 125,000,000 Shares expected to be issued under the Share Offer, assuming the Offer Size Adjustment Option is not exercised and excluding any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares are in issue (being the number of Shares expected to be in issue immediately after completion of the Capitalisation Issue and the Share Offer, assuming that the Capitalisation Issue and the Share Offer had been completed as at 31 March 2018, but taking no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 March 2018.

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NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed in the paragraph headed “Listing Expenses” in this section and the section headed “Summary – Recent Development”, up to the date of this prospectus, there has been no material adverse change in the financial, operational or trading position of our Group since 31 March 2018, being the end of the period reported on in the Accountants’ Report set out in “Appendix I – Accountants’ Report” to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, except as otherwise disclosed in this prospectus, there had been no circumstances which would give rise to the disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Business Objectives and Strategies

Our objectives are to enhance and promote our integrated securities trading platform services and further expand our customer base by improving our existing service offerings and developing new service offerings, obtaining more market data vendor licences, spending more sales and marketing efforts and to establishing our marketing centre in Hong Kong, with an aim to consolidate and further promote our market position. To achieve such objectives, we intended to implement various business strategies. Please refer to the section headed “Business – Business strategies” in this prospectus for details of our business strategies.

Implementation Plans

The implementation plans set forth below are based on certain bases and assumptions as set out in paragraph headed “Bases and Assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed “Risk Factors” in this prospectus. There is no assurance that our business objectives will be achieved or our business plans will be implemented according to the estimated time frame or at all.

FUTURE PLANS AND USE OF PROCEEDS

We will endeavour to complete the following main tasks and achieve the milestone events during the period from the Latest Practicable Date to 31 March 2021 by using the net proceeds from the Share Offer as planned:

From the Latest Practicable Date to 31 March 2019

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Develop innovative product offerings and enhance research and development capabilities	<ul style="list-style-type: none"> • New products <ul style="list-style-type: none"> • launch the WeChat mini programme version of the <i>TradeGo Pro</i>; • develop China-Hong Kong Stock Connect Data Analyst and Trading Counter Product • Existing products <ul style="list-style-type: none"> • complete the development of the English version of <i>TradeGo Pro</i>; • complete the integration of over 40 brokerage firms onto the iOS/Android version of <i>TradeGo Pro</i>; • complete the upgrade of <i>TradeGo</i> to version 7.0 for all brokerage firms; • optimise the iteration and transaction access of newly developed Mac OS versions of <i>TradeGo Pro</i>; • improve and optimise the online account opening appointment service to cater to the changing needs of market and to comply with regulatory requirements; • propel the deployment and iteration of new version of web browser securities trading platform software among the existing users of brokerage firms. • recruit R&D staff to enhance our R&D capabilities. 	4,123

FUTURE PLANS AND USE OF PROCEEDS

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Apply for additional market data vendor licences and conduct further marketing activities	<ul style="list-style-type: none"> • assist our customers in promoting <i>iBroker</i> to the end users; • promote the Two-Factor Authentication function via advertisements and propaganda campaigns; • promote the CMS Plus trading system to more brokerage firms for resource interchange; • hold online and offline activities to promote <i>TradeGo Pro</i>; • stimulate the sales of market data feeds and increase the number of registered user of <i>TradeGo Pro</i>; • obtain relevant data licence for markets out of Hong Kong. 	1,228
Expand our hardware infrastructure capacities and software portfolio	<ul style="list-style-type: none"> • purchase computers and test mobile phones to enhance R&D ability and improve quality control; • purchase and upgrade software for R&D and office use; • enhance the conversion efficiency and transition stability from physical servers to virtual servers. • optimise the deployment of the cross-border DDN leased lines in Hong Kong and Shenzhen; • optimise the deployment and management of cloud infrastructure to improve the efficiency and stability. 	822
Recruit non-R&D staff and conduct staff trainings	<ul style="list-style-type: none"> • provide professional and business skills trainings for all staff as well as exclusive trainings for product managers and backbone staff on yearly basis; • recruit staff for operation, and sales and finance purpose; • salary for newly recruited staff. 	458

FUTURE PLANS AND USE OF PROCEEDS

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> • lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre. Such marketing centre will help (i) build up our local sales and marketing team in Hong Kong to effectively respond to the demand of and maintain the relationship with our existing customers; (ii) fully present the advantage of our services and products on multiple operating systems and platforms, including Microsoft Windows, Mac OS, Android, iOS and Web browsers, on various devices in our marketing centre by way of live demonstration, multimedia presentation and instant conference with our technical support team in Shenzhen, so as to provide real-life experience and comprehensive understanding to our potential institutional customers in a more efficient way than door-to-door visits; (iii) demonstrate our products on various devices to our potential individual customers through onsite interaction between our sales and marketing staff and these potential customers, which will include various workshops introducing the function and usage of our products and providing technical support; and (iv) improve our corporate identity to attract more customers, as well as local talents for recruitment to our sales and marketing team, which we believe will benefit our business operations and market recognition in the long run; • recruit staff for managing and operating the Hong Kong sales and customer service centre; • salary for newly recruited staff. 	1,790

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2019

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u>
		<i>(HK\$'000)</i>
Develop innovative product offerings and enhance research and development capabilities	<ul style="list-style-type: none"> • New products <ul style="list-style-type: none"> • launch China-Hong Kong Stock Connect Data Analyst; • launch Trading Counter Product; • launch the OTC transaction platform for transaction during non-trading hours; • Existing products <ul style="list-style-type: none"> • complete the integration of over 80 brokerage firms onto the iOS/Android version of <i>TradeGo Pro</i>; • replace with new version of web browser securities trading platform software for the existing end users of brokerage firms and deploy the same to new end users of brokerage firms; • recruit R&D staff to enhance our R&D capabilities. 	4,203
Apply for additional market data vendor licences and conduct further marketing activities	<ul style="list-style-type: none"> • promote China-Hong Kong Stock Connect Data Analyst via advertisements and propaganda campaigns; • promote Trading Counter Product via advertisements and propaganda campaign; • promote various types of market data feeds; • obtain relevant data licence for markets out of Hong Kong. 	1,253
Expand our hardware infrastructure capacities and software portfolio	<ul style="list-style-type: none"> • purchase computers and test mobile phones to enhance R&D ability and improve quality control; 	333
Recruit non-R&D staff and conduct staff trainings	<ul style="list-style-type: none"> • salary for newly recruited staff. 	323

FUTURE PLANS AND USE OF PROCEEDS

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Establish an R&D centre in the PRC	<ul style="list-style-type: none"> • purchase a newly-developed office premises of approximately 700-square-metre in Shenzhen for the establishment of an R&D centre, which is expected to be ready for occupation in one to two years after the purchase. <p>The R&D centre will be located in the High-tech Park of Nanshan District, Shenzhen City. This area has been developing rapidly since its establishment in 1996 and has become the base for the software, information technology, electronics, biological technology, pharmaceuticals and other high-tech industries. It also serves as the headquarters of a number of China's largest high-tech companies and has attracted investment from many large multinational enterprises in the information technology sector. As at the Latest Practicable Date, no specific property has been identified for such purpose.</p> <p>With the establishment of the R&D centre in Shenzhen, we will be able to (i) secure permanent working premises to mitigate the risks associated with leased properties, such as the expected increasing leasing fees in this area and early termination or non-renewal of the tenancy by the landlord; (ii) eliminate the costs, time and efforts associated with the frequent relocation and renovation of our office premises; (iii) equip our R&D centre with industry standard facilities, such as servers, network equipment, testers and security controls to facilitate our R&D activities and to improve the standard and quality of our services and products; (iv) provide better working environment so as to enhance the working efficiency and cultivate sense of belonging of our employees; and (v) enhance our Company's ability to secure bank borrowings which generally require immovable assets, such as property, as collaterals.</p>	21,070

FUTURE PLANS AND USE OF PROCEEDS

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> <i>(HK\$'000)</i>
Establish an R&D centre in the PRC (continued)	<p>We lease our current office premises in Shenzhen under three leases with gross floor area of 800, 500 and 177 square metres, respectively, each for a four-year term ending 2021. It is possible that the landlord may renew the leasing agreement after the current leasing term at higher price or may not renew the leasing agreements with us at all. In that case, we will need to relocate to new office premises. In January 2018, we relocated the office of our PRC subsidiaries to the current location and we incurred a total of HK\$0.3 million relocation costs and expenses, which include primarily the costs for renovation of new office premises and installation of new R&D facilities. Such renovation and installation took six weeks to complete. As such, if we need to relocate frequently due to the failure to renew leasing agreements, we would incur or spend substantial costs and time, which may adversely affect our financial performance and may disrupt our operations. Therefore, we plan to purchase a new office premises with gross floor area of approximately 700 square metres to replace our current leased office premises of 500 square metres to mitigate such risks to certain extent and we will continue to renew the lease for the other two office premises or we will lease other office premises with similar gross floor area with the other two office premises.</p>	

FUTURE PLANS AND USE OF PROCEEDS

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Establish an R&D centre in the PRC (continued)	<p>During the Track Record Period, we incurred rental expenses of HK\$1.1 million, HK\$1.1 million and HK\$1.3 million, respectively for our existing office premises in Shenzhen. With preference to the rental expenses under our existing leasing agreements, the rental expenses for the office premises with gross floor area of 700 square metres in Nanshan District, Shenzhen City will reach HK\$1.0 million per year. According to Frost & Sullivan, the rental price in Nanshan District, Shenzhen City recorded a CAGR of 6.7% in a 4-year period from 2013 to 2017. Our Directors expect the rental price to keep increasing in the future. As such, purchase of self-owned office premises would save us significant rental expenses and allow us to renovate the new office at a permanent location with less restrictions. In terms of purchase of office premises, the total purchase price is estimated to be approximately HK\$38.9 million, of which HK\$37.8 million is estimated to be paid as the purchase price of the office premises and HK\$1.1 million is estimated to be paid as the stamp duty and real estate tax in relation to the purchase. We plan to utilise HK\$20.0 million (tax inclusive) of the proceeds from the Share Offer and fund the rest HK\$18.9 million from bank borrowings to pay for such total purchase price. It is expected that the annual costs and expenses of owning such property will be approximately HK\$1.1 million per year, calculated by the expected capital expenditure divided by estimated useful life of 40 years plus relevant costs and expenses. As the annual costs of owning the property are estimated to be lower than the annual rental expenses in a few years' time and having considered its benefit to our business operations and development, our Directors are of view that acquisition of a self-owned property is in the interest of our Company and the Shareholders.</p>	

FUTURE PLANS AND USE OF PROCEEDS

Future Plans	Implementation Plans	Allocation of net proceeds (HK\$'000)
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> • recruit staff for managing and operating the Hong Kong sales and customer service centre; • lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre; • salary for newly recruited staff. 	1,790

For the six months ending 31 March 2020

Future Plans	Implementation Plans	Allocation of net proceeds (HK\$'000)
Develop innovative product offerings and enhance research and development capabilities	<ul style="list-style-type: none"> • Existing products <ul style="list-style-type: none"> • upgrade <i>iBroker</i> into its third phase; • complete the iteration of <i>TradeGo</i> for brokerage firms. 	–
Apply for additional market data vendor licences and conduct further marketing activities	<ul style="list-style-type: none"> • obtain relevant data licence for markets out of Hong Kong; • promote services to private equity funds, other institutions and high-net-value individual customers; 	1,870
Expand our hardware infrastructure capacities and software portfolio	<ul style="list-style-type: none"> • purchase computers and test mobile phones to enhance R&D ability and improve quality control; • purchase and upgrade software for R&D and office use. • enhance the conversion efficiency and transition stability from physical servers to virtual servers. 	946
Recruit non-R&D staff and conduct staff trainings	<ul style="list-style-type: none"> • recruit staff for operation, sales, customer service and management purpose; • carry out professional and business skills trainings for all staff as well as exclusive trainings for product managers and backbone staff on yearly basis; • salary for newly recruited staff. 	806

FUTURE PLANS AND USE OF PROCEEDS

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Establish an R&D centre in the PRC	<ul style="list-style-type: none"> • payment for R&D centre property management fee. 	72
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> • recruit staff for managing and operating the Hong Kong sales and customer service centre; • lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre; • salary for newly recruited staff. 	2,078

For the six months ending 31 September 2020

<u>Future Plans</u>	<u>Implementation Plans</u>	<u>Allocation of net proceeds</u> (HK\$'000)
Apply for additional market data vendor licences and conduct further marketing activities	<ul style="list-style-type: none"> • obtain relevant data licence for markets out of Hong Kong; • promote services to private equity funds, other institutions and high-net-value individual customers; 	1,479
Expand our hardware infrastructure capacities and software portfolio	<ul style="list-style-type: none"> • purchase computers and test mobile phones to enhance R&D ability and improve quality control; 	395
Recruit non-R&D staff and conduct staff trainings	<ul style="list-style-type: none"> • recruit staff for operation, customer service, technical supporting and management purpose; • salary for newly recruited staff. 	1,087
Establish a R&D centre in the PRC	<ul style="list-style-type: none"> • payment for R&D centre property management fee. 	72
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> • lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre; • salary for newly recruited staff. 	2,183

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 31 March 2021

Future Plans	Implementation Plans	Allocation of net proceeds
		<i>(HK\$'000)</i>
Apply for additional market data vendor licences and conduct further marketing activities	<ul style="list-style-type: none"> • obtain relevant data licence for markets out of Hong Kong; • promote services to private equity funds, other institutions and high-net-value individual customers; 	1,479
Expand our hardware infrastructure capacities and software portfolio	<ul style="list-style-type: none"> • purchase and upgrade software for R&D and office use. • enhance the conversion efficiency and transition stability from physical servers to virtual servers. 	741
Recruit non-R&D staff and conduct staff trainings	<ul style="list-style-type: none"> • provide professional and business skills trainings for all staff as well as exclusive trainings for product managers and backbone staff on yearly basis; • salary for newly recruited staff. 	1,413
Establish a R&D centre in the PRC	<ul style="list-style-type: none"> • payment for R&D centre property management fee. 	72
Establish a marketing centre in Hong Kong	<ul style="list-style-type: none"> • lease an office in Central district of Hong Kong for the establishment of a Hong Kong sales and customer service centre; • salary for newly recruited staff. 	2,183

FUTURE PLANS AND USE OF PROCEEDS

Bases and Assumptions

Potential investors should note that our attainability of our Group's business objectives as well as our market and growth potential depends on a number of bases assumptions, in particular:

- there will be sufficient financial resources for us to meet the planned capital expenditure and business development requirements during the period to which our business objectives relate;
- there will be no material changes in the perspective of integrated securities trading platform service market in Hong Kong and China;
- there will be no material changes in industry trends and customer preferences due to technology advancement or otherwise that we are unable to accurately predict or address;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the paragraph headed "Implementation Plans" in this section;
- we will be able to retain our key staff in our management team as well as our professional staff and recruit suitable staff for our expansion when and if necessary;
- there will be no material changes in the existing laws or regulations, policies or industry or regulatory treatment relating to us, or in the political, fiscal, social, economic or market conditions in the places in which we operate or will operate;
- there will be no changes in the effectiveness of the licences, permits and qualifications obtained by us;
- there will be no material changes in the bases or rates of taxation in Hong Kong, the PRC or in any other places in which we operate or will operate;
- there will be no significant changes in our business relationship with our existing business partners and major customers;
- we will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus;
- we will not be subject to any material or adverse effects arising from any changes to the prevailing inflation rates, interest rates or exchange rates;

FUTURE PLANS AND USE OF PROCEEDS

- we will not be subject to any material or adverse effects arising from any changes to the bases or rates of taxes or customs duties of Hong Kong or any other places where our Group operates or is incorporated; and
- the Share Offer is completed according to and as that described in the section headed “Structure and Conditions of the Share Offer”.

Reasons for the Share Offer

Our Directors believe that the Share Offer will improve our Group’s financial condition and provide our Group with additional capital to implement the future plans set out in the paragraph headed “Implementation Plans” in this section. In addition, our Directors expect that the Share Offer will bring the following benefits to our Group and our Shareholders:

- pave the way for future development by accessing the capital market;
- consolidate and expand the market share of our Group as a financial trading software solution supplier in Hong Kong; and
- raise the sense of belonging and morale of our Group’s employees.

USE OF PROCEEDS

Assuming an Offer Price of HK\$0.72 per Offer Share (being the mid-point of the stated Offer Price range), we estimate that we will receive net proceeds of approximately HK\$56.7 million from the Share Offer after deducting the underwriting commissions (excluding any discretionary incentive fee) and other estimated expenses, if the Offer Size Adjustment Option is not exercised.

We intend to use the net proceeds from the Share Offer, after deducting the underwriting commissions (excluding any discretionary incentive fee) and other estimated expenses, for the purposes and in the amounts set out below:

- approximately 14.7% of the net proceeds, or approximately HK\$8.3 million, will be used to develop innovative product offerings and enhance research and development capabilities;
- approximately 12.9% of the net proceeds, or approximately HK\$7.3 million, will be used to apply for additional market data vendor licences and conduct further marketing activities;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 5.7% of the net proceeds, or approximately HK\$3.2 million, will be used to expand our hardware infrastructure capacities and software portfolio;
- approximately 7.2% of the net proceeds, or approximately HK\$4.1 million, will be used to recruit non-R&D staff and conduct staff trainings;
- approximately 37.5% of the net proceeds, or approximately HK\$21.3 million, will be used to establish an R&D centre in the PRC, among which (i) HK\$20.0 million (tax inclusive) will be used for purchase of office premises of approximately 700-square-metre to accommodate the relocated and newly recruited staff, (ii) HK\$1.0 million will be used for renovation of the office premises, and (iii) HK\$0.3 million will be used to pay for the property management fee (as at the Latest Practicable Date, no specific property has been identified);
- approximately 17.7% of the net proceeds, or approximately HK\$10.0 million, will be used to establish a marketing centre in Hong Kong; and
- approximately 4.3% of the net proceeds, or approximately HK\$2.5 million, will be used as general working capital of our Group.

Assuming the Offer Size Adjustment Option is not exercised, if the Offer Price is fixed at HK\$0.8 per Offer Share, being the high end of the stated Offer Price range, the net proceeds, after deducting the underwriting commissions (excluding any discretionary incentive fee) and other estimated expenses, will increase to approximately HK\$66.3 million. In such case, our Directors intend to apply the additional net proceeds in the same proportions as set out above. If the Offer Price is fixed at HK\$0.64 per Offer Share, being the low end of the stated Offer Price range, the net proceeds will decrease to approximately HK\$47.1 million. In such case, our Directors intend to apply the reduced net proceeds in the same proportions as set out above.

In the event that the Offer Size Adjustment Option is exercised in full, the net proceeds, after deducting the underwriting commissions (excluding any discretionary incentive fee) and other estimated expenses, will increase to approximately HK\$80.7 million (assuming the Offer Price is determined at the mid-point of the stated Offer Price range), approximately HK\$69.7 million (assuming the Offer Price is determined at the high end of the stated Offer Price range) or approximately HK\$58.6 million (assuming the Offer Price is determined at the low end of the stated Offer Price range).

FUTURE PLANS AND USE OF PROCEEDS

The implementation of business strategies to achieve our business objectives from the Latest Practicable Date up to the year ending 31 March 2021 will be funded by the net proceeds from the Share Offer and we intend to allocate the net proceeds from the Share Offer as follows:

	From the Latest Practicable Date to 31 March 2019	For the six months ending			31 March 2021	Total	% of net proceeds
		30 September 2019	31 March 2020	30 September 2021			
<i>(HK\$'000, except for percentages)</i>							
Develop innovative product offerings and enhance research and development capabilities	4,123	4,203	–	–	–	8,326	14.7%
Apply for additional market data vendor licences and conduct further marketing activities	1,228	1,253	1,870	1,479	1,479	7,309	12.9%
Expand our hardware infrastructure capacities and software portfolio	822	333	946	395	741	3,237	5.7%
Recruit non-R&D staff and conduct staff trainings	458	323	806	1,087	1,413	4,087	7.2%
Establish an R&D centre in the PRC	–	21,070	72	72	72	21,286	37.5%
Establish a marketing centre in Hong Kong	1,790	1,790	2,078	2,183	2,183	10,024	17.7%
Working capital and other general corporate purposes	486	486	486	486	487	2,431	4.3%
Total	8,907	29,458	6,258	5,702	6,375	56,700	100.0%

To the extent that the net proceeds are not immediately used for the above purposes, we intend to deposit the net proceeds into short-term demand deposits, interest-bearing bank accounts with licensed banks or financial institutions as permitted by the relevant laws and regulations, until the relevant business plans are implemented.

CORNERSTONE INVESTOR

CORNERSTONE INVESTMENT

We have entered into a cornerstone investment agreement with the following investor (the “**Cornerstone Investor**”), pursuant to which the Cornerstone Investor has agreed to subscribe at the Offer Price for certain number of our Offer Shares (the “**Cornerstone Placing**”).

Assuming the Offer Price is set at HK\$0.64, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be allocated to the Cornerstone Investor will be 23,436,000 Shares, representing (i) approximately 18.7% of the Offer Shares and approximately 4.7% of our total issued share capital immediately upon completion of the Share Offer, assuming Offer Size Adjustment Option is not exercised; or (ii) approximately 16.3% of the Offer Shares and approximately 4.5% of our total issued share capital immediately upon completion of the Share Offer, assuming Offer Size Adjustment Option is fully exercised.

Assuming the Offer Price is set at HK\$0.72, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Shares to be allocated to the Cornerstone Investor will be 20,832,000 Shares, representing (i) approximately 16.7% of the Offer Shares and approximately 4.2% of our total issued share capital immediately upon completion of the Share Offer, assuming Offer Size Adjustment Option is not exercised; or (ii) approximately 14.5% of the Offer Shares and approximately 4.0% of our total issued share capital immediately upon completion of the Share Offer, assuming Offer Size Adjustment Option is fully exercised.

Assuming the Offer Price is set at HK\$0.80, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be allocated to the Cornerstone Investor will be 18,748,000 Shares, representing (i) approximately 15.0% of the Offer Shares and approximately 3.7% of our total issued share capital immediately upon completion of the Share Offer, assuming Offer Size Adjustment Option is not exercised; or (ii) approximately 13.0% of the Offer Shares and approximately 3.6% of our total issued share capital immediately upon completion of the Share Offer, assuming Offer Size Adjustment Option is fully exercised.

To the best knowledge of our Company, the Cornerstone Investor is an Independent Third Party, is not our connected person (as defined under the GEM Listing Rules) or existing shareholder, is not a close associate of any of our existing shareholders, is independent of our connected persons and their respective close associates, and makes independent investment decisions.

CORNERSTONE INVESTOR

The Cornerstone Placing will form a part of the Placing. The Offer Shares to be subscribed for by the Cornerstone Investor (i) will rank *pari passu* in all respects with the other fully paid Shares in issue upon completion of the Share Offer, and (ii) will be counted towards the public float of our Company. The Cornerstone Investor will not subscribe for any Offer Shares under the Share Offer other than pursuant to the cornerstone investment agreement. Immediately following completion of the Share Offer, the Cornerstone Investor will not have any representation on the Board, nor will the Cornerstone Investor become a substantial shareholder (as defined under the GEM Listing Rules) of our Company. Save for the assured entitlement following the principles set out in the Guidance Letter HKEX-GL51-13, no special rights have been granted to the Cornerstone Investor pursuant to the Cornerstone Placing. The Offer Shares to be subscribed by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the Public Offer and the Placing in the event of over-subscription under the Public Offer as described in the section headed “Structure and Conditions of the Share Offer”. Details of the allocations to the Cornerstone Investor will be disclosed in the announcement of results of allocations expected to be published on 27 September 2018.

Cornerstone Investor

We have entered into a cornerstone investment agreement with the following Cornerstone Investor. The information about our Cornerstone Investor set forth below has been provided by the Cornerstone Investor in connection with the Cornerstone Placing.

China Create Capital Limited

China Create Capital Limited (“**China Create Capital**”) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 4,000 Shares) which may be purchased for an aggregate amount of HK\$15,000,000 at the Offer Price. Based on the Offer Price of HK\$0.64, HK\$0.72 and HK\$0.80 (being the low-end, mid-point and high-end of the Offer Price range), the number of Shares that China Create Capital will subscribe for will be 23,436,000, 20,832,000 and 18,748,000 Shares, respectively, representing approximately 4.7%, 4.2% and 3.7%, respectively, of the issued share capital of the Company upon completion of the Share Offer (assuming that the Offer Size Adjustment Option is not exercised).

China Create Capital is a company incorporated in BVI with limited liability and is wholly owned by Ms. Wang Tao (王濤). The principal business of China Create Capital is investment holding.

CORNERSTONE INVESTOR

Conditions Precedent

The subscription by the Cornerstone Investor is subject to the satisfaction of the following conditions precedent:

- (a) the Public Offer Underwriting Agreement and the Placing Underwriting Agreement shall have been entered into and become effective and all of the conditions precedent to completion set forth therein shall have been satisfied in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto) by no later than the respective time and date specified therein;
- (b) the Offer Price having been agreed among the Company and the Joint Bookrunners in connection with the Share Offer;
- (c) neither of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been terminated in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto;
- (d) the representations, warranties, undertakings, confirmation, agreements and acknowledgements of the Cornerstone Investor are accurate and true in all respects and not misleading and there is no breach of this Agreement on the part of the Company and the Cornerstone Investor;
- (e) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Shares on GEM of the Stock Exchange and that such approval or permission has not been revoked; and
- (f) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the subscription of the Offer Shares and there shall be no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of the subscription of the Offer Shares.

Restrictions on disposals by the Cornerstone Investor

The Cornerstone Investor has agreed that:–

- (a) without the prior written consent of our Company and the Sole Global Coordinator, it will not, at any time during the period of six (6) months following the date of commencement of dealings in the Shares on the Stock Exchange (the “**Lock-up Period**”), directly or indirectly, dispose of (as defined in the respective cornerstone investment agreement) any of the Shares subscribed by it pursuant to the cornerstone investment agreement (the “**Relevant Offer Shares**”); and

CORNERSTONE INVESTOR

- (b) in the event of a disposal of any Relevant Offer Shares at any time after the Lock-up Period, the Cornerstone Investor shall first notify the Company and the Sole Global Coordinator in writing prior to the disposal of any Relevant Offer Shares and it will use all reasonable endeavours to ensure that any such disposal will not create a disorderly or false market for the Shares and is otherwise in compliance with all applicable Laws and regulations and rules of securities exchanges of all competent jurisdictions including the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Securities and Futures Ordinance of Hong Kong.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Sole Global Coordinator

Essence International Securities (Hong Kong) Limited

Joint Bookrunners and Joint Lead Managers

Essence International Securities (Hong Kong) Limited

Yue Xiu Securities Company Limited

HK Monkey Securities Limited

Public Offer Underwriters

Essence International Securities (Hong Kong) Limited

Yue Xiu Securities Company Limited

HK Monkey Securities Limited

Placing Underwriters

Essence International Securities (Hong Kong) Limited

Yue Xiu Securities Company Limited

HK Monkey Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally and not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

UNDERWRITING

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

At least two of the Joint Bookrunners may, by joint notice in writing to the other Public Offer Underwriters and the Company, terminate the Public Offer Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date if:

- (a) there shall develop, occur, exist or come into effect before the aforesaid date and time:–
 - (i) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, but without limitation to, conditions affecting stock and bond markets, money and foreign exchange markets, interbank markets and credit markets or a change in the system under which the value of Hong Kong currency is linked to that of the currency of the United States of America or the Renminbi is linked to any foreign currency(ies) in or affecting any of the Relevant Jurisdictions (as defined in sub-paragraph (ii) below)) that materially adversely affect the Group's business;
 - (ii) any change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, but without limitation to, a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies (including, but without limitation to, United States dollars)), or a change in the implementation of any exchange control in Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction that any member of the Group has a presence (the “**Relevant Jurisdictions**”) and that materially adversely affect the Group's business;
 - (iii) any event, or series of events, in the nature of force majeure (including, but without limitation to, acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemics, pandemics, outbreaks of diseases, economic sanction, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting any of the Relevant Jurisdictions that materially adversely affect the Group's business;

UNDERWRITING

- (iv) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions that materially adversely affect the Group's business;
- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC or in any of the Relevant Jurisdictions that materially adversely affect the Group's business;
- (vi) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Markets, the American Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or any disruption in monetary or trading or securities settlement or clearance services, procedures or matters that materially adversely affect the Group's business;
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, on any of the Relevant Jurisdictions that materially adversely affect the Group's business;
- (viii) the commencement by any governmental, law enforcement agency, regulatory or political body or organisation of any investigation or other action against a Director or any of the covenantors to the Public Offer Underwriting Agreement (the "**Covenantors**") or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action;
- (ix) any material litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against a Director or any member of the Group or any of the Covenantors;
- (x) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;
- (xi) the chairman or chief executive officer of the Company vacating his or her office;

UNDERWRITING

- (xii) save as disclosed in this prospectus, a contravention by any Director or any member of the Group or any of the Covenantors of the Listing Rules, the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any other applicable laws and regulations;
- (xiii) any material non-compliance with this prospectus (or any other documents used in connection with the Public Offer) or any aspect of the Share Offer with the GEM Listing Rules, the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any other applicable laws or regulations;
- (xiv) other than with the approval of the Sole Global Coordinator (for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters), the issue or requirement to issue by the Company of a supplement or amendment to this prospectus (or any other documents used in connection with the Public Offer) pursuant to the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Listing Rules or any applicable law and regulation or any requirement or request of the Stock Exchange or SFC;
- (xv) a prohibition by a competent authority on the Company for whatever reason from allotting and issuing the Shares under the Share Offer;
- (xvi) any change or prospective change in, or materialisation of, any of the risks set forth in the section headed “Risk Factors” of this prospectus; or
- (xvii) an order or petition for the winding-up of any member of the Group or any of the Covenantors or any composition or arrangement made by any member of the Group or any of the Covenantors with its creditors or a scheme of arrangement entered into by any member of the Group or any of the Covenantors or any resolution for the winding-up of any member of the Group or any of the Covenantors or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or any of the Covenantors or anything analogous thereto occurring in respect of any member of the Group or any of the Covenantors;

which, any of the above events, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of other Underwriters), (i) has or will or may have a material adverse effect on the business, financial or other condition or prospects of the Group, (ii) has or will have or may have a material adverse impact on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing, (iii) makes or will make or may make it inadvisable or inexpedient or impracticable for any part of the Public Offer Underwriting Agreement, or for any part of the Public Offer or the Share Offer to be performed or implemented or proceed as envisaged

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or to market the Share Offer or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus, or (iv) has or would or may have the effect of making any part of the Public Offer Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Sole Global Coordinator:-
- (i) that any statement contained in this prospectus, the Application Forms and/or any announcement or advertisement or document issued by or on behalf of the Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become untrue or incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation expressed in this prospectus and/or any announcements or documents issued by the Company in connection with the Public Offer (including any supplement or amendment thereto) is not fair, honest and based on reasonable assumptions;
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus, the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Public Offer (including any supplement or amendment thereto);
 - (iii) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group;
 - (iv) any breach of, or any event rendering untrue or incorrect or inaccurate or misleading in any material respect, any of the warranties given by the Company or any of the Covenantors under the Public Offer Underwriting Agreement;
 - (v) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than the part on any of the Public Offer Underwriters or the Placing Underwriters);
 - (vi) any claim or demand from any third party being threatened or instigated against the Company or any member of the Group including any demand for repayment or payment of any indebtedness of the Company or any member of the Group that will materially adversely affect the Group's financial condition;

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- (vii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer and the Capitalisation Issue, on or before the date of the Listing Date is refused or not granted, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (viii) that the Company withdraws this prospectus (or any other documents used in connection with the Share Offer) or suspends the Share Offer;
- (ix) any matter, event, act or omission which gives or is likely to give rise to any material liability of the Company or the Covenantors pursuant to the indemnities given by the Company, the Covenantors or any of them herein and which liability will have a material adverse effect on the business or financial or trading position of the Group as a whole; or
- (x) any expert (other than the Sole Sponsor) named in the section headed “Appendix IV – Statutory and General Information – F. Other Information – 6. Qualifications and consents of experts” of this prospectus, has withdrawn its consent to being named in any of this prospectus or to the issue of any of this prospectus.

Undertakings to the Stock Exchange Pursuant to the GEM Listing Rules

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company undertakes to the Stock Exchange that save as pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option) and the grant and exercise of the options under the Share Option Scheme 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 by us to such an issue, within six months from the date on which the Shares first commence dealing on GEM (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except for the circumstances permitted pursuant to Rule 17.29(1) to (5) of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders undertakes to our Company and the Stock Exchange that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) shall not,

- (a) within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose

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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 in respect of which he/it is shown by this prospectus to be the beneficial owner; and

- (b) within the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), 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 (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholder further undertakes to our Company and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

- (a) in the event that he/it pledges or charges any direct or indirect interest in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Six-Month Period, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in the Shares under (c) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under (c) or (d) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

Undertakings to the Underwriters Pursuant to the Public Offer Underwriting Agreement

Undertaking by the Company

The Company undertakes to the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, except pursuant to the Share Offer, the Capitalisation Issue and the Offer Size Adjustment Option, it will not, and each of the Executive Directors and the Controlling Shareholders has undertaken to the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters to procure the Company not to, without the prior written

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consent of the Sole Sponsor and the Sole Global Coordinator (acting for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters), at any time 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**”):-

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, create or agree to create any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Company’s share capital or other securities of the Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or securities or any interest therein); or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or
- (d) offer to or agree to enter into, any such transaction described in paragraphs (a), (b) or (c) above; or

whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise and in the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the First Six-Month Period, provided that the foregoing restrictions shall not apply to the issue of Shares by the Company pursuant to the Reorganisation or the Share Offer (including pursuant to the exercise of the Offer Size Adjustment Option), and the Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of the Company.

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Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders has irrevocably undertaken with the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that:

- (a) any time during the First Six-Month Period, except pursuant to the Share Offer, each of the Controlling Shareholders will not and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (acting for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters), at any time:
 - (i) offer, mortgage, hypothecate, pledge, charge, sell, contract to sell, create or agree to create any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of) the Shares, either directly or indirectly, conditionally or unconditionally, or any of the Company's share or debt capital or the Company's other securities or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein owned directly or indirectly by each of the Controlling Shareholders (including holding as a custodian) or with respect to which each of the Controlling Shareholders have beneficial ownership) (collectively the "**Lock-up Shares**"). The foregoing restriction is expressly agreed to preclude each of the Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than each of the Controlling Shareholders. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares (except for certain Lock-up Shares pledged in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide commercial loan) or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

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- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a) or (b) or (c) above, whether any such transaction described in (a) or (b) or (c) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;

- (b) during the period of six months immediately following the First Six-Month Period, each of the Controlling Shareholders will not and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (acting for itself and on behalf of the Joint Bookrunners, the Joint Lead Managers and the other Public Offer Underwriters), at any time enter into any of the transactions specified in Clauses 12.2(i)(a), (b) or (c) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transfer or disposal, he/she/it will cease to be a “controlling shareholder” (as defined in the GEM Listing Rules) of the Company; and

- (c) until the expiry of the period of six months immediately following the First Six-Month Period, in the event that he/she/it enters into any such transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, he/she/it shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Placing

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement with, inter alia, the Placing Underwriters on or around the Price Determination Date, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe or procure subscribers for the Placing Shares 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 should note that if the Placing Underwriting Agreement is not entered into or is terminated, 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 in accordance with its terms. It is expected that pursuant to the Placing Underwriting Agreement, our Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriters will receive an underwriting commission of 4.0% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. If any of the Offer Size Adjustment Option is exercised, the underwriting commission will be calculated in the same manner with the Offer

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Shares initially available for subscription. In connection with the Listing, the Sole Sponsor will receive a sponsorship fee. Our Company will also pay the Sole Global Coordinator an incentive fee of up to 1.5% of the Offer Price multiplied by the total number of Offer Shares.

The aggregate commissions and estimated expenses, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to be approximately HK\$32.9 million to HK\$33.7 million (assuming the Offer Size Adjustment Option is not exercised and the Offer Price ranging from HK\$0.64 to HK\$0.80 per Share) and are payable by our Company.

Our Company has agreed to indemnify the Sole Sponsor, the Sole Global Coordinator and the Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreement, and any breach by our Company of the Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR AND THE UNDERWRITERS' INTERESTS IN OUR GROUP

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set forth in Rule 6A.07 of the GEM Listing Rules.

Save as disclosed in this prospectus and/or provided in the Underwriting Agreement, none of the Sole Sponsor, the Sole Global Coordinator and the Underwriters is interested legally or beneficially in any shares of any of our Group's members 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 of its members nor any interest in the Share Offer.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (i) the Public Offer of 12,500,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in the subsection headed “Structure and Conditions of the Share Offer – the Public Offer” below; and
- (ii) the Placing of an aggregate of 112,500,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option as mentioned below).

Investors may apply for Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for Offer Shares under the Placing, but may not do both.

The Offer Shares will represent 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

PRICING AND ALLOCATION

Determination of the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Placing Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 20 September 2018, by the Joint Bookrunners and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price range

The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.64 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Price payable on application

Applicants for Public Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$0.80 for each Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK\$3,232.25 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\$0.80 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.

If, for any reason, our Company and the Joint Bookrunners are unable to reach agreement on the Offer Price on or before 26 September 2018, the Share Offer will not proceed and will lapse.

Further details are set out in the section headed “How to Apply for Public Offer Shares” in this prospectus.

Changes to Offer Price range

The Joint Bookrunners may, where considered appropriate, based on the level of interest expressed by prospective investors during a bookbuilding process in respect of the Placing, and with the consent of our Company, change 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 a case, our Company will, as soon as practicable following the decision to make such change, and in any event not later than the morning of the last day for 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.tradego8.com notices of reduction in the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such change.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants who have submitted their applications for Public Offer Shares before such an announcement is made may subsequently withdraw their applications in the event that such an announcement is subsequently made. In the absence of any notice being published in relation to a change in 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 Bookrunners and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

ANNOUNCEMENT OF THE BASIS OF ALLOCATIONS

Announcement of the final Offer Price, together with the indication of the level of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.tradego8.com on or before Thursday, 27 September 2018.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional on, among other things:

- (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer and Shares will fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme on GEM and such approval not having been withdrawn;
- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements; and
- (iii) the Offer Price having been determined and the execution of the related agreement on or before the Price Determination Date,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company on the websites of our Company and the Stock Exchange at www.tradego8.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Public Offer Shares – 13. Refund of application monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Share certificates for the Offer Shares are expected to be issued on 27 September 2018 and will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in “Underwriting – Underwriting Arrangements and Expenses – Grounds for termination” has not been exercised at or before that time.

The Shares will be traded in board lots of 4,000 Shares each and the stock code of the Shares will be 8017.

THE PUBLIC OFFER

Our Company is initially offering 12,500,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of our Company’s enlarged issued share capital after completion of the Capitalisation Issue and Share Offer assuming the Offer Size Adjustment Option is not exercised. The Public Offer is fully underwritten by the Public Offer Underwriters.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional 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.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” of this section.

Allocation

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. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

For allocation purposes only, the 12,500,000 Shares initially being offered for subscription under the Public Offer will be divided into two pools: Pool A comprising 6,248,000 Public Offer Shares and Pool B comprising 6,252,000 Public Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for the Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for the Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applicants should be aware that applications in Pool A and Pool B, as well as in the same pool, likely to receive different allocation ratios. If the Public Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of the Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of the Public Offer Shares to investors under the Public Offer, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Public Offer. The basis of allocation in each pool may vary, depending on the number of the Public Offer Shares validly applied for by each applicant.

Multiple or suspected multiple applications under the Public Offer and any application for more than 6,252,000 Public Offer Shares are liable to be rejected.

Reallocation and Clawback

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) Where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Global Coordinator deems appropriate;
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Public Offer, then Offer Shares may be reallocated to the Public Offer from the Placing, so that the maximum number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer, being 25,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available for subscription under the Share Offer;
 - (iii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 37,500,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Share Offer;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iv) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be 50,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Share Offer; and
 - (v) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be 62,500,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Share Offer.
- (b) Where the Placing Shares are undersubscribed:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are oversubscribed irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares may be reallocated to the Public Offer from the Placing, so that the maximum number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer, being 25,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available for subscription under the Share Offer.

In the event of a reallocation of Offer Shares from the Placing to the Public Offer in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced. The reallocation of Offer Shares in the Share Offer shall be in compliance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making 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, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Placing Shares under the Placing.

THE PLACING

Number of the Placing Shares

The number of the Offer Shares to be initially offered for subscription under the Placing will be 112,500,000 new Shares representing 90% of the Offer Shares initially available under the Share Offer (subject to re-allocation and the Offer Size Adjustment Option). Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Offer Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and Share Offer assuming the Over Size Adjustment Option is not exercised. The Placing is expected to be fully underwritten by the Placing Underwriters.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional and institutional and other investors who 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. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the "bookbuilding" process described in the subsection headed "Structure and Conditions of the Share Offer – Pricing and allocation" in this prospectus, and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

Reallocation and Clawback

The total number of Placing Shares to be issued or sold pursuant to the Placing may change as a result of the clawback arrangement described in the paragraph headed “– THE PUBLIC OFFER – Reallocation and Clawback” in this section, exercise of the Offer Size Adjustment Option in whole or in part and/or reallocation of all or any unsubscribed Offer Shares to the Placing.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Share Offer, we are expected to grant the Offer Size Adjustment Option to the Placing Underwriters under the Placing Underwriting Agreement. The Offer Size Adjustment Option would be exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters) on or before 27 September 2018 at their sole and absolute discretion, to require our Company to allot and issue up to 18,750,000 additional new Shares, representing 15% of the Shares initially available for subscription under the Share Offer, on the same terms as those applicable to the Placing. Any such additional Shares may be issued to cover any excess demand in the Placing at the sole and absolute discretion of the Sole Global Coordinator.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Placing Underwriters to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activities of the Shares in the secondary market after the Listing and will not be subject to the Securities and Futures (Price Stabilising) Rules of the SFO. No purchase of the Shares in the secondary market will be affected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

The Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by then, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date.

If the Offer Size Adjustment Option is exercised in full, the additional 18,750,000 Shares will represent approximately 3.61% of our Company’s enlarged share capital respectively immediately after completion of the Placing and the exercise of the Offer Size Adjustment Option. The additional net proceeds received from the placing of the additional Shares allotted and issued upon exercise of the Offer Size Adjustment Option will be allocated in accordance with the allocations as disclosed in the section headed “Future Plans and Use of Proceeds”.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Subject to the terms and conditions of the Placing Underwriting Agreement, the Placing Shares are expected to be fully underwritten by the Placing Underwriters.

The Underwriters or agents nominated by them on behalf of our Company will conditionally place the Placing Shares at the Offer Price plus a 1% brokerage, a 0.005% Stock Exchange trading fee and a 0.0027% SFC transaction levy with professional, institutional and private investors anticipated to have a sizeable demand for the Placing Shares. Conditionally upon complying with the relevant rules and regulations, the Placing Shares can be placed with private investors in Hong Kong. Professional and/or institutional investors generally include dealers, brokers, 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.

DEALING

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on 28 September 2018. Our Shares will be traded in board lot of 4,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to Stock Exchange granting the listing of, and permission to deal in, our Shares on GEM and our Company complies 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.

If you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional adviser.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for the Public Offer Shares, then you may not apply for or indicate an interest for the Placing Shares.

To apply for the Public Offer Shares, you may:

- (a) use a **WHITE** or **YELLOW** Application Form;
- (b) apply online via **HK eIPO White Form** service at www.hkeipo.hk; or
- (c) electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you (or the person(s) for whose benefit you are applying):

- (a) are 18 years of age or older;
- (b) have a Hong Kong address;
- (c) are outside the United States, and are not a United States Person (as defined in Regulation S); and
- (d) 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 or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Global Coordinator or their respective agents and nominees may accept or reject 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;
- are a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- are a close associate of any of the above; and/or
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE 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 Monday, 17 September 2018 until 12:00 noon on Thursday, 20 September 2018 from:

- (a) any of the following address of the Underwriters:

Essence International Securities (Hong Kong) Limited

39/F, One Exchange Square
Central
Hong Kong

Yue Xiu Securities Company Limited

13/F, Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

HK Monkey Securities Limited

Suite 2307, 23/F, Tower 1, Lippo Centre
89 Queensway
Hong Kong

(b) or any of the following branches of Bank of China (Hong Kong) Limited:

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	United Centre Branch	Shop 1021, United Centre, 95 Queensway, Hong Kong
	Central District (Wing On House) Branch	B/F-2/F, Wing On House, 71 Des Voeux Road Central, Hong Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 17 September 2018 until 12:00 noon on Thursday, 20 September 2018 from:

- (i) the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- (ii) 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 – TRADEGO 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:

Monday, 17 September 2018	9:00 a.m. to 5:00 p.m.
Tuesday, 18 September 2018	9:00 a.m. to 5:00 p.m.
Wednesday, 19 September 2018	9:00 a.m. to 5:00 p.m.
Thursday, 20 September 2018	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 20 September 2018, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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, you:

- undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees) as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- 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;
- 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;
- confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers or 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);
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- agree to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, 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;
- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead

HOW TO APPLY FOR PUBLIC OFFER SHARES

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;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- agree that your application will be governed by the laws of Hong Kong;
- represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- warrant that the information you have provided is true and accurate;
- agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- 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 are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- 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;
- understand that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator and their respective agents and nominees 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (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
- (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 or to the **HK eIPO White Form** Service Provider; 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 the paragraph headed “2. Who can apply for the Public Offer Shares” in this 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 online to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 17 September 2018 until 11:30 a.m. on Thursday, 20 September 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 20 September 2018 or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 application 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 monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Sole Global Coordinator and the 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 Offer 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, the Sole Global Coordinator and their respective agents and nominees 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- 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 Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers or 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 Sole Global Coordinator, the Underwriters and/or its 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 a 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 a 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- 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 giving **electronic application instructions** to apply for the 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 our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles; 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:

- (a) 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;
- (b) instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and 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 final Offer Price is less than the Offer Price per Public Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- (c) 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 or otherwise permitted 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⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 17 September 2018	9:00 a.m. to 8:30 p.m.
Tuesday, 18 September 2018	8:00 a.m. to 8:30 p.m.
Wednesday, 19 September 2018	8:00 a.m. to 8:30 p.m.
Thursday, 20 September 2018	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 17 September 2018 until 12:00 noon on Thursday, 20 September 2018 (24 hours daily, except on Thursday, 20 September 2018, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 20 September 2018, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of 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

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the 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 **HK eIPO White Form** service is also only a facility provided by **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 Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, 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, 20 September 2018.

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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** 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:

- (a) the principal business of that company is dealing in securities; and
- (b) 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 the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and 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 **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 or otherwise permitted in the Application Form, or as otherwise specified on the designated website www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and 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).

HOW TO APPLY FOR PUBLIC OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- (a) a tropical cyclone warning signal number 8 or above; or
- (b) a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 20 September 2018. 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, 20 September 2018 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 indication of the level of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 27 September 2018 (a) on our Company’s website at www.tradego8.com and (b) 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:

- (a) in the announcement to be posted on our website at www.tradego8.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 27 September 2018;
- (b) 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 Thursday, 27 September 2018 to 12:00 midnight on Wednesday, 3 October 2018;
- (c) by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 27 September 2018 to Wednesday, 3 October 2018 (excluding Saturday, Sunday and Hong Kong public holidays); and
- (d) in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 27 September 2018 to Saturday, 29 September 2018 at all the receiving bank’s designated branches.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If our Company accepts your offer to purchase (in whole or in part), which we 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:

(a) 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 a 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 may withdraw their applications.

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, such acceptance will be subject to the satisfaction of such conditions.

(b) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(c) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- (i) within three weeks from the closing date of the application lists; or
- (ii) within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- (i) you make multiple applications or suspected multiple applications;
- (ii) 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;
- (iii) your Application Form is not completed in accordance with the stated instructions;
- (iv) 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;
- (v) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- (vi) the Underwriting Agreements do not become unconditional or are terminated;
- (vii) our Company or the Sole Global Coordinator believes that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- (viii) your application is for more than 50% of the 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\$0.80 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure 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 Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Any refund of your application monies will be made on Thursday, 27 September 2018.

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:

- (a) 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
- (b) 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 final Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the final Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and 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 despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 27 September 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s). Share certificates will only become valid at 8:00 a.m. on Friday, 28 September 2018 provided that the Share Offer has become unconditional and the right of termination described in the subsection headed “Underwriting – Underwriting Arrangements and Expenses – Grounds for termination” 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Collection

(a) 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 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 Thursday, 27 September 2018 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the 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 Thursday, 27 September 2018, by ordinary post and at your own risk.

(b) 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 for collection of your refund cheque(s). 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 Thursday, 27 September 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 27 September 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

(i) 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) If you are applying as a CCASS investor participant

We will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 27 September 2018 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.

(c) 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, 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 Thursday, 27 September 2018, or such other date as notified by our Company 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 Thursday, 27 September 2018 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.

(d) If you apply via Electronic Application Instructions to HKSCC

Allocation of the Public Offer Shares

For the purposes of allocating the 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 27 September 2018 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 Shares in the manner specified in the paragraph headed "11. Publication of Results" above on Thursday, 27 September 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 27 September 2018 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 Thursday, 27 September 2018. 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 initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 27 September 2018.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 GEM 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 set out on page I-1 to I-44 received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TRADEGO FINTECH LIMITED AND ESSENCE CORPORATE FINANCE (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of TradeGo FinTech Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-4 to I-44 which comprises the consolidated statements of financial position of the Group as at 31 March 2016, 31 March 2017 and 31 March 2018, the statement of financial position of the Company as at 31 March 2018, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 March 2016, 2017 and 2018 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-44 forms an integral part of this report, which have been prepared for inclusion in the prospectus of the Company dated 17 September 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information and for such internal control as the directors of the Company 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 Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information 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 purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016, 31 March 2017 and 31 March 2018 and the Company's financial position as at 31 March 2018, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED 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 I-4 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states that no dividend has been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

17 September 2018

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

Consolidated statements of profit or loss and other comprehensive income

	Note	Year ended 31 March		
		2016	2017	2018
		HK\$	HK\$	HK\$
Revenue	4	33,277,410	40,397,644	43,209,034
Direct costs		(9,702,653)	(10,169,851)	(11,908,978)
Other (losses)/gains, net	5	(344,442)	(744,624)	133,408
Staff costs	6(a)	(14,008,242)	(16,538,264)	(17,410,357)
Listing expenses		–	(6,183,501)	(6,131,039)
Depreciation and amortisation		(549,203)	(1,651,101)	(2,598,459)
Selling, general and administrative expenses		(4,172,893)	(5,185,705)	(4,650,423)
Profit/(loss) before taxation	6	4,499,977	(75,402)	643,186
Income tax	7(a)	(1,072,465)	(2,552,850)	(1,712,534)
Profit/(loss) for the year		3,427,512	(2,628,252)	(1,069,348)
Other comprehensive income, net of nil tax:				
Item that may be reclassified subsequently to profit or loss:				
– Exchange differences on translation of financial statements of PRC subsidiaries		243,924	388,775	385,519
Total comprehensive income for the year		<u>3,671,436</u>	<u>(2,239,477)</u>	<u>(683,829)</u>
Earnings/(losses) per share				
– Basic and diluted	11	<u>6.02</u>	<u>(4.61)</u>	<u>(1.88)</u>

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position

	Note	At 31 March		
		2016	2017	2018
		HK\$	HK\$	HK\$
Non-current assets				
Property, plant and equipment	12	1,980,497	1,745,409	2,008,691
Intangible assets	13	1,575,805	4,202,650	6,954,263
Deferred tax assets	7(c)	2,515,014	1,098,710	708,034
		<u>6,071,316</u>	<u>7,046,769</u>	<u>9,670,988</u>
Current assets				
Trade and other receivables	15	8,337,271	12,918,144	17,021,028
Cash and cash equivalents	17(a)	3,338,712	12,648,042	8,087,226
Amounts due from directors	16	–	317,487	807,098
Income tax recoverable	7(c)	–	–	352,345
		<u>11,675,983</u>	<u>25,883,673</u>	<u>26,267,697</u>
Current liabilities				
Trade and other payables	18	5,463,739	8,109,174	12,929,790
Amounts due to former shareholders	19	3,016,956	1,402,871	232,588
Amount due to a fellow subsidiary	20	1,900,000	8,196,335	7,412,601
Amount due to a director	16	181,703	–	–
Income tax payable	7(c)	2,874,161	1,493,655	1,269,445
		<u>13,436,559</u>	<u>19,202,035</u>	<u>21,844,424</u>
Net current (liabilities)/assets		<u>(1,760,576)</u>	<u>6,681,638</u>	<u>4,423,273</u>
Total assets less current liabilities		<u>4,310,740</u>	<u>13,728,407</u>	<u>14,094,261</u>
Non-current liabilities				
Deferred tax liabilities	7(c)	<u>27,023</u>	<u>9,565</u>	<u>17,670</u>
Net assets		<u>4,283,717</u>	<u>13,718,842</u>	<u>14,076,591</u>
Capital and reserves				
Share capital	22	10,000	7,510,000	5,698
Reserves		<u>4,273,717</u>	<u>6,208,842</u>	<u>14,070,893</u>
Total equity		<u>4,283,717</u>	<u>13,718,842</u>	<u>14,076,591</u>

The accompanying notes form part of the Historical Financial Information.

Statement of financial position of the Company

	<i>Note</i>	At 31 March
		2018
		<i>HK\$</i>
Non-current assets		
Investment in a subsidiary	<i>14</i>	16,375,610
Current liabilities		
Trade and other payables	<i>18</i>	51,870
Amount due to a fellow subsidiary	<i>20</i>	21,301
		<u>73,171</u>
Net assets		<u><u>16,302,439</u></u>
Capital and reserves		
Share capital	<i>22</i>	5,698
Reserves		<u>16,296,741</u>
Total equity		<u><u>16,302,439</u></u>

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity

		Attributable to equity shareholders of the Company						
		Share capital	Employee share-based compensation reserve	Translation reserve	Merger reserve	Other reserve	Accumulated losses	Total
Note		Note 22(b)	Note 22(c)	Note 22(d)	Note 22(e)	Note 22(f)		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	At 1 April 2015	10,000	–	983,982	1,147,798	676,380	(4,398,273)	(1,580,113)
Changes in equity for the year ended 31 March 2016:								
	Profit for the year	–	–	–	–	–	3,427,512	3,427,512
	Other comprehensive income	–	–	243,924	–	–	–	243,924
	Total comprehensive income for the year	–	–	243,924	–	–	3,427,512	3,671,436
	Dividends declared and paid	10	–	–	–	–	(2,006,132)	(2,006,132)
	Equity-settled share-based transactions	21	–	4,198,526	–	–	–	4,198,526
		–	4,198,526	–	–	–	(2,006,132)	2,192,394
	At 31 March and 1 April 2016	10,000	4,198,526	1,227,906	1,147,798	676,380	(2,976,893)	4,283,717
Changes in equity for the year ended 31 March 2017:								
	Loss for the year	–	–	–	–	–	(2,628,252)	(2,628,252)
	Other comprehensive income	–	–	388,775	–	–	–	388,775
	Total comprehensive income for the year	–	–	388,775	–	–	(2,628,252)	(2,239,477)
	Issue of shares	22(b)	7,500,000	–	–	–	–	7,500,000
	Dividends declared and paid	10	–	–	–	–	(1,752,729)	(1,752,729)
	Equity-settled share-based transactions	21	–	5,927,331	–	–	–	5,927,331
		7,500,000	5,927,331	–	–	–	(1,752,729)	11,674,602

Attributable to equity shareholders of the Company							
Note	Share capital	Employee share-based compensation reserve	Translation reserve	Merger reserve	Other reserve	Accumulated losses	Total
	Note 22(b)	Note 22(c)	Note 22(d)	Note 22(e)	Note 22(f)		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 March and 1 April 2017	7,510,000	10,125,857	1,616,681	1,147,798	676,380	(7,357,874)	13,718,842
Changes in equity for the year ended 31 March 2018:							
Loss for the year	-	-	-	-	-	(1,069,348)	(1,069,348)
Other comprehensive income	-	-	385,519	-	-	-	385,519
Total comprehensive income for the year	-	-	385,519	-	-	(1,069,348)	(683,829)
Arising from Reorganisation Equity-settled share-based transactions	(7,504,302)	-	-	-	7,504,302	-	-
21	-	1,041,578	-	-	-	-	1,041,578
	(7,504,302)	1,041,578	-	-	7,504,302	-	1,041,578
At 31 March 2018	5,698	11,167,435	2,002,200	1,147,798	8,180,682	(8,427,222)	14,076,591

The accompanying notes form part of the Historical Financial Information.

Consolidated cash flow statements

	Note	Year ended 31 March		
		2016	2017	2018
		HK\$	HK\$	HK\$
Cash generated from operations	17(b)	5,325,476	13,184,114	4,641,591
Tax paid		(666,468)	(2,575,545)	(1,967,605)
Net cash generated from operating activities		<u>4,659,008</u>	<u>10,608,569</u>	<u>2,673,986</u>
Investing activities				
Payment for the purchase of property, plant and equipment		(1,712,057)	(408,338)	(603,335)
Payment for intangible assets		(1,799,567)	(3,899,879)	(4,288,023)
Payment for acquisition of a subsidiary	26	–	(179,685)	(169,335)
Interest received		2,667	6,829	6,536
Net cash used in investing activities		<u>(3,508,957)</u>	<u>(4,481,073)</u>	<u>(5,054,157)</u>
Financing activities				
Proceeds from issue of shares		–	2,100,000	–
Payment of listing expenses		–	–	(2,015,740)
Increase/(decrease) in amount due to a fellow subsidiary		1,900,000	3,510,000	(14,465)
Increase in amount due to a former shareholder		4,213	–	–
Increase in amount due from directors		–	(503,759)	(464,978)
Increase in amount due to a director		4,731	–	–
Dividends paid	10	(2,006,132)	(1,752,729)	–
Net cash (used in)/generated from financing activities		<u>(97,188)</u>	<u>3,353,512</u>	<u>(2,495,183)</u>
Net increase/(decrease) in cash and cash equivalents		1,052,863	9,481,008	(4,875,354)
Cash and cash equivalents at the beginning of the year		2,332,239	3,338,712	12,648,042
Effect of foreign exchange rate changes		<u>(46,390)</u>	<u>(171,678)</u>	<u>314,538</u>
Cash and cash equivalents at the end of the year	17(a)	<u>3,338,712</u>	<u>12,648,042</u>	<u>8,087,226</u>

Major non-cash transactions

- (i) During the year ended 31 March 2017, 10,000 new ordinary shares of Tele-Trend Konson (Hong Kong) Limited (“Tele-Trend Konson”) were allotted for HK\$7,500,000, of which consideration of HK\$2,100,000 is settled in cash. The rest of the consideration was settled by capitalising the Group’s amount due to a fellow subsidiary of HK\$5,400,000.

- (ii) During the year ended 31 March 2017, a fellow subsidiary settled listing expenses of HK\$8,186,335 on behalf of the Group in relation to the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). During the year ended 31 March 2018, a fellow subsidiary settled listing expenses of HK\$1,230,731 on behalf of the Group in relation to the initial listing of the shares of the Company on GEM of the Stock Exchange.

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

TradeGo FinTech Limited (the “Company”) was incorporated in Cayman Islands on 15 June 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands. The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation below. The Company and its subsidiaries (together, the “Group”) are engaged in the provision of front office trading system services, market data services and value-added services to its customers.

Pursuant to a group reorganisation (the “Reorganisation”) as detailed in the section headed “History, Reorganisation and Development” in the Prospectus, the Company became the holding company of the companies now comprising the Group.

Prior to the incorporation of the Company, the above mentioned principal activities were carried out by Tele-Trend Konson and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company’s shares on GEM of the Stock Exchange, the Group underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Development” in the Prospectus. Upon completion of the Reorganisation, the Company became the holding company of the Group.

The Reorganisation only involved inserting of the Company and Power Mind Global Limited, which are newly formed entities with no substantive operations as holding companies of Tele-Trend Konson, and there was no change in the business and operations of Tele-Trend Konson and its subsidiaries during the Relevant Periods. Accordingly, the Reorganisation has been accounted for using a principle similar to that as a reverse acquisition, with Tele-Trend Konson treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the financial statements of Tele-Trend Konson with the assets and liabilities of Tele-Trend Konson recognised and measured at their historical carrying amounts prior to the Reorganisation.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company and certain subsidiaries now comprising the Group as detailed below, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out below. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA or the Accounting Standards for Business Enterprise (“ASBE”) issued by the Ministry of Finance of the People’s Republic of China (the “PRC”).

Upon completion of the Reorganisation and as at the date of approval of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies.

Name of company	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Proportion of ownership interest		Principal activities	Statutory auditors (note)
				Group’s effective interest	Held by the Company		
Power Mind Global Limited	The British Virgin Islands (“BVI”)	2 June 2017	1 ordinary share of US\$1	100%	100%	Investment holding	(ii)
Tele-Trend Konson	Hong Kong	17 March 2011	Ordinary shares HK\$7,510,000	100%	–	Provision of front office trading system services and market data services	(iii)

Name of company	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Proportion of ownership interest		Principal activities	Statutory auditors (note)
				Group's effective interest	Held by the Company		
Tele-Trend Konson Software (Shenzhen) Limited ("Tele-Trend Konson SZ") (捷利港信軟件(深圳)有限公司) (note i)	The PRC	29 July 2010	Registered capital RMB20,000,000	100%	–	Development of computer hardware and software technology	(iv)
Shenzhen Rongyi Technology Company Limited ("Shenzhen Rongyi") (深圳市融易科技有限公司) (note i)	The PRC	1 April 2010	Registered capital RMB5,000,000	100%	–	Development of computer hardware and software technology	(v)
Shenzhen Qianhai Xinfeng Financial Services Company Limited (深圳市前海新峰金融服務有限公司) (note i)	The PRC	23 September 2015	Registered capital RMB5,000,000	100%	–	Development of computer hardware and software technology	(vi)

Notes:

- (i) The English names of these entities are for reference only. The official names of these entities are in Chinese.
- (ii) No statutory financial statements have been prepared for this entity as it is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.
- (iii) The statutory financial statements of this entity for the years ended 31 March 2016 and 2017 were prepared in accordance with HKFRSs and were audited by Moore Stephens CPA Limited. The statutory financial statements for the year ended 31 March 2018 were not yet issued as of the date of this report.
- (iv) The statutory financial statements of this entity for the year ended 31 December 2015 were prepared in accordance with the ASBE applicable to the enterprises in the PRC and were audited by Shenzhen Peng Sheng CPA Limited (深圳鵬盛會計師事務所). The statutory financial statements of this entity for the years ended 31 December 2016 and 2017 were prepared in accordance with the ASBE and were audited by Shenzhen Jiahe CPA Limited (深圳佳和會計師事務所(普通合夥)).
- (v) The statutory financial statements of this entity for the year ended 31 December 2016 and 2017 were prepared in accordance with the ASBE and were audited by Shenzhen Jiahe CPA Limited (深圳佳和會計師事務所(普通合夥)). This entity was not subject to any statutory audit requirements for the year ended 31 December 2015.
- (vi) Shenzhen Qianhai Xinfeng Financial Services Company Limited was inactive during the year ended 31 December 2016 and no statutory financial statements have been prepared as it is not subject to statutory audit requirements under the relevant rules and regulations in the PRC. The statutory financial statements of this entity for the year ended 31 December 2017 were prepared in accordance with ABSE and were audited by Shenzhen Jiahe CPA Limited (深圳佳和會計師事務所(普通合夥)).

All companies now comprising the Group have adopted 31 March as their financial year end date except for Tele-Trend Konson SZ, Shenzhen Rongyi and Shenzhen Qianhai Xinfeng Financial Services Company Limited, which adopt 31 December as their financial year end date.

The Historical Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted by the Group are set out below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 27.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement and use of estimates and judgements

The Historical Financial Information is presented in Hong Kong dollars (“HKD”). The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(b) Business combinations

Business combinations are accounted for using the acquisition method. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included in the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see Note 2(g)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Office equipment	3 – 5 years
– Computer equipment	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes direct labour and an appropriate proportion of overhead and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(g)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(g)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The internally developed software systems are amortised for 3 years from the date they are available for use.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(d). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(g). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) Impairment of assets**(i) Impairment of trade and other receivables**

Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, intangible assets and investment in a subsidiary in the Company's statement of financial position may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years/periods. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 2(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(i) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

(k) Employee benefits**(i) Short-term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of restricted shares granted to employees is recognised as an employee cost with a corresponding increase in employee share-based compensation reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total estimated fair value of the restricted shares is spread over the vesting period, taking into account the probability that the restricted shares will vest.

During the vesting period, the number of restricted shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years/periods is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of restricted shares that vest (with a corresponding adjustment to the employee share-based compensation reserve). The equity amount is recognised in the employee share-based compensation reserve until either the restricted share is exercised (when it is included in the amount recognised in share capital for the restricted shares issued) or the restricted expires (when it is released directly to retained profits).

(l) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is stated net of withholding tax, value-added tax or other sales taxes. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Front office trading system service income

Front office trading system service income is derived principally from the provision of upfront work to launch the trading system and provision of the licence of right to use the trading system. Front office trading system service also includes provision of unspecified upgrades and technical support after launch of the trading system during the licence period (together, the “Post Delivery Support”). Revenue is recognised upon delivery of the trading system and the portion related to the Post Delivery Support is deferred and recognised as revenue on a straight-line basis over the licence period after the launch of the trading system.

(ii) Market data and value-added service income

The Group provides market data service and value-added services to customers. The service income is recognised when the related services are rendered.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(o) Translation of foreign currencies

Foreign currency transactions during the years are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

(p) Related parties

- (1) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (2) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities 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 (1).
 - (vii) A person identified in (1)(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).
 - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES**(a) Key sources of estimation uncertainty**

Notes 21 and 23 contain information about the assumptions and their risk factors relating to valuation of fair value of restricted shares granted and financial instruments.

(b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Useful lives of intangible assets

Intangible assets are amortised on a straight-line basis over the estimated useful life of each asset, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset, amortisation method and its residual value, if any. The amortisation expense for future periods could be adjusted if there are significant changes from previous estimates.

Revenue recognition for front office trading system service income

The Group recognises the front office trading system service income upon delivery of the trading system, while the portion related to the Post Delivery Support is deferred and recognised as revenue on a straight-line basis over the licence period after the launch of the trading system. Judgement is required in determining the portion of revenue that is related to the Post Delivery Support.

4 REVENUE AND SEGMENT REPORTING**(a) Revenue**

The principal activities of the Group are the provision of front office trading system services, market data services and value-added services to its customers.

The Group has one reportable segment and the Group's chief operating decision maker, which has been identified as the Board of Directors, reviews the consolidated results of the Group for the purpose of resource allocation and performance assessment. Therefore, no additional reportable segment information has been presented.

The amount of each significant category of revenue recognised during the Relevant Periods is as follows:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Front office trading system services	12,471,383	13,996,401	18,891,247
Market data services	17,576,550	17,519,989	17,531,285
Value-added services	3,229,477	8,881,254	6,786,502
	<u>33,277,410</u>	<u>40,397,644</u>	<u>43,209,034</u>

The Group's customer base is diversified and includes no customer with whom transactions have exceeded 10% of the Group's revenue during the years ended 31 March 2016, 2017 and 2018. Details of concentrations of credit risk arising from the Group's largest customers are set out in Note 23(a).

(b) Segment reporting***Geographic information***

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the service was provided. The geographical location of the specified non-current assets, property, plant and equipment and intangible assets, is based on the physical locations of the operations to which they are allocated.

	Revenues from external customers			Specified non-current assets		
	Year ended 31 March			As at 31 March		
	2016	2017	2018	2016	2017	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Hong Kong (place of domicile)	32,946,872	34,577,838	41,677,667	171,324	64,007	158,832
The PRC	330,538	5,819,806	1,531,367	3,384,978	5,884,052	8,804,122
	<u>33,277,410</u>	<u>40,397,644</u>	<u>43,209,034</u>	<u>3,556,302</u>	<u>5,948,059</u>	<u>8,962,954</u>

5 OTHER (LOSSES)/GAINS, NET

	Year ended 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Net exchange (loss)/gain		(347,109)	(749,324)
Interest income		2,667	6,829
Others		–	(2,129)
		<u>(344,442)</u>	<u>(744,624)</u>
			<u>133,408</u>

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Staff costs (including directors' remuneration)

	Year ended 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Salaries, wages and other benefits	9,804,605	10,485,043	15,406,028
Contributions to defined contribution retirement plans	714,134	1,126,863	1,138,647
Equity-settled share-based payments (Note 21)	3,489,503	4,926,358	865,682
	<u>14,008,242</u>	<u>16,538,264</u>	<u>17,410,357</u>

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

In addition, as stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal government of Shenzhen and provincial government of Guangdong for its staff. The Group is required to make contributions to such retirement plans. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

(b) **Other items**

	Year ended 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Depreciation (Note 12)	349,252	527,093	483,953
Amortisation of intangible assets (Note 13)	199,951	1,124,008	2,114,506
Loss on disposal of property, plant and equipment	–	16,785	8,851
Operating lease charges			
– minimum leases payments of office premises	1,338,804	1,399,844	1,723,281
Auditors’ remuneration	103,740	182,458	127,814
Research and development cost	1,553,329	2,510,745	4,882,728
Impairment loss of trade and other receivables (Note 15)	–	–	706,500
	<u> </u>	<u> </u>	<u> </u>

7 INCOME TAX

(a) **Income tax in the consolidated statements of profit or loss and other comprehensive income represents:**

	Year ended 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Current tax – Hong Kong Profits Tax			
Provision for the year	2,066,508	974,623	1,112,817
Current tax – The PRC			
Provision for the year	246,400	275,849	158,442
	<u> </u>	<u> </u>	<u> </u>
	2,312,908	1,250,472	1,271,259
Deferred tax			
Origination and reversal of temporary differences (Note 7(c)(ii))	(1,240,443)	1,302,378	441,275
	<u> </u>	<u> </u>	<u> </u>
	1,072,465	2,552,850	1,712,534
	<u> </u>	<u> </u>	<u> </u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits in Hong Kong for the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in respective jurisdictions in which the Group operates. In accordance with the relevant PRC rules and regulations, the PRC Enterprise Income Tax rate applicable to the Group's subsidiaries in the PRC is principally 25% during the Relevant Periods.
- (iii) According to the PRC Corporate Income Tax Law and its relevant regulations, entities that are qualified as High and New Technology Enterprise under the tax law are entitled to a preferential income tax rate of 15%. During the year ended 31 March 2018, Tele-Trend Konson SZ filed the application for status of High and New Technology Enterprise ("HNTE status") and has obtained the HNTE status on 31 October 2017 with an effective period of three years. Therefore, Tele-Trend Konson SZ was entitled to a preferential income tax rate of 15% for the calendar years 2017, 2018 and 2019. In addition, the directors of the Company consider that the Tele-Trend Konson SZ could renew the HNTE status upon its expiry in calendar year 2019 and accordingly, tax rate of 15% was applied to determine the income tax expense of Tele-Trend Konson SZ for the year ended 31 March 2018 and the carrying value of the deferred tax assets and liabilities arisen from Tele-Trend Konson SZ as at 31 March 2018.

(b) Reconciliation between income tax expense and accounting profit/(loss) before taxation at applicable tax rates:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Profit/(loss) before taxation	4,499,977	(75,402)	643,186
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	421,384	526,489	221,388
Effect of non-deductible expenses	651,184	2,026,548	1,508,365
Effect of non-taxable income	(103)	(187)	(17,219)
Actual tax expense	1,072,465	2,552,850	1,712,534

(c) Income tax in the consolidated statements of financial position represents:

	At 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Provision of Hong Kong Profits Tax for the year	2,066,508	974,623	1,112,817
Provisional Hong Kong Profits Tax paid	(336,048)	(1,256,397)	(1,457,738)
Balance of provision of Hong Kong Profits Tax relating to prior years	1,730,460	(281,774)	(344,921)
Income tax payables in respect of the PRC subsidiaries	281,837	693,149	(7,424)
	2,012,297	411,375	(352,345)
	861,864	1,082,280	1,269,445
	2,874,161	1,493,655	917,100

Reconciliation to the consolidated statements of financial position is as follows:

	At 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Income tax recoverable recognised in the consolidated statements of financial position	–	–	352,345
Income tax payable recognised in the consolidated statements of financial position	(2,874,161)	(1,493,655)	(1,269,445)
	<u>(2,874,161)</u>	<u>(1,493,655)</u>	<u>(917,100)</u>

(ii) *Deferred tax assets/(liabilities) recognised*

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

	Depreciation allowances in excess of the related depreciation	Tax loss	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Deferred tax arising from:			
At 1 April 2015	(34,469)	981,951	947,482
Credited to profit or loss	7,446	1,232,997	1,240,443
Additions through business combination (Note 26)	–	359,370	359,370
Translation differences	–	(59,304)	(59,304)
	<u>(27,023)</u>	<u>2,515,014</u>	<u>2,487,991</u>
At 31 March and 1 April 2016	(27,023)	2,515,014	2,487,991
Credited/(charged) to profit or loss	17,458	(1,319,836)	(1,302,378)
Translation differences	–	(96,468)	(96,468)
	<u>(9,565)</u>	<u>1,098,710</u>	<u>1,089,145</u>
At 31 March 2017 and 1 April 2017	(9,565)	1,098,710	1,089,145
Charged to profit or loss	(8,105)	(433,170)	(441,275)
Translation differences	–	42,494	42,494
	<u>(17,670)</u>	<u>708,034</u>	<u>690,364</u>
At 31 March 2018	<u>(17,670)</u>	<u>708,034</u>	<u>690,364</u>

Reconciliation to the consolidated statements of financial position is as follows:

	At 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Net deferred tax assets recognised in the consolidated statements of financial position	2,515,014	1,098,710	708,034
Net deferred tax liabilities recognised in the consolidated statements of financial position	(27,023)	(9,565)	(17,670)
	<u>2,487,991</u>	<u>1,089,145</u>	<u>690,364</u>

8 DIRECTORS' EMOLUMENTS

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 15 June 2017 as the Company was incorporated on 15 June 2017.

Mr. Liu Yong were appointed as a director of the Company on 15 June 2017 and re-designated as an executive director on 23 June 2017. Mr. Wan Yong and Mr. Liao Jicheng were appointed as executive directors of the Company on 23 June 2017. Mr. Lin Hung Yuan was appointed as a non-executive director of the Company on 23 June 2017. Ms. Jiao Jie, Mr. Man Kong Yui and Dr. Loke Yu were appointed as independent non-executive directors of the Company on 29 August 2018.

Certain directors of the Company received remuneration from the subsidiaries now comprising the Group during the Relevant Periods which was included in the staff costs as disclosed in Note 6(a). Directors' emoluments are as follows:

	Year ended 31 March 2016					
	Directors' fee	Discretionary bonus	Salaries, allowances and benefits in kind	Retirement scheme contributions	Equity share-based payments	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Executive Directors						
Liu Yong	–	–	665,143	25,991	–	691,134
Liao Jicheng	–	–	145,918	7,991	312,804	466,713
Wan Yong	–	–	–	–	312,804	312,804
	–	–	<u>811,061</u>	<u>33,982</u>	<u>625,608</u>	<u>1,470,651</u>

Year ended 31 March 2017

	Directors' fee	Discretionary bonus	Salaries, allowances and benefits in kind	Retirement scheme contributions	Equity share-based payments	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Executive Directors						
Liu Yong	–	–	652,465	26,086	–	678,551
Liao Jicheng	–	–	92,248	8,086	441,606	541,940
Wan Yong	–	–	–	–	441,606	441,606
	–	–	744,713	34,172	883,212	1,662,097

Year ended 31 March 2018

	Directors' fee	Discretionary bonus	Salaries, allowances and benefits in kind	Retirement scheme contributions	Equity share-based payments	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Executive Directors						
Liu Yong	–	–	695,413	30,157	–	725,570
Liao Jicheng	–	–	458,806	16,500	77,585	552,891
Wan Yong	–	–	–	–	77,585	77,585
Non-executive Director						
Lin Hung Yuan	–	–	–	–	–	–
	–	–	1,154,219	46,657	155,170	1,356,046

Note: No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods. No director waived or agreed to waive any emoluments during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Group during the Relevant Periods, one, one and two of these are directors for the years ended 31 March 2016, 2017 and 2018, respectively, whose emolument is also disclosed in Note 8. The emoluments in respect of the other four, four and three individuals for the years ended 31 March 2016, 2017 and 2018 are as follows:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Salaries, allowances and benefits in kind	740,108	787,776	887,300
Retirement scheme contributions	23,093	22,911	317,230
Share-based payments	1,720,423	2,428,831	271,547
	<u>2,483,624</u>	<u>3,239,518</u>	<u>1,476,077</u>

The emoluments of the four, four and three individuals for the year ended 31 March 2016, 2017 and 2018, respectively, are within the following bands:

	Year ended 31 March		
	2016	2017	2018
	<i>Number of Individuals</i>	<i>Number of Individuals</i>	<i>Number of Individuals</i>
Nil to HK\$1,000,000	4	3	3
HK\$1,000,001 to HK\$1,500,000	–	1	–
	<u>–</u>	<u>–</u>	<u>–</u>

10 DIVIDENDS

No dividend was declared or paid by the Company in respect of the Relevant Periods to its equity shareholders. During the year ended 31 March 2017, an interim dividend of HK\$1,752,729 (2016: HK\$2,006,132) was declared by Tele-Trend Konson to its then equity shareholders. There were no dividends declared by Tele-Trend Konson for the year ended 31 March 2018.

11 EARNINGS/(LOSSES) PER SHARE

The calculation of basic earnings/(losses) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company divided by the weighted average number of ordinary shares in issue during the Relevant Periods as follows:

(i) Earnings/(losses)

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Profit/(loss) attributable to ordinary equity shareholders of the Company	<u>3,427,512</u>	<u>(2,628,252)</u>	<u>(1,069,348)</u>

(i) Number of shares

	Year ended 31 March		
	2016	2017	2018
	Weighted average number of ordinary shares	<u>569,800</u>	<u>569,800</u>

In determining the weighted average number of ordinary shares in issue, the effect of 569,800 shares issued during the Reorganisation as set out in Note 1 was adjusted retrospectively, as if the Reorganisation had been effective since 1 April 2015.

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the Relevant Periods.

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Office equipment	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cost:			
At 1 April 2015	887,533	147,938	1,035,471
Additions	1,663,031	49,026	1,712,057
Translation differences	(20,833)	(6,171)	(27,004)
	<u>2,529,731</u>	<u>190,793</u>	<u>2,720,524</u>
At 31 March 2016	<u>2,529,731</u>	<u>190,793</u>	<u>2,720,524</u>
At 1 April 2016	2,529,731	190,793	2,720,524
Additions	327,390	80,948	408,338
Disposals	(190,891)	(17,113)	(208,004)
Translation differences	(119,514)	(10,991)	(130,505)
	<u>2,546,716</u>	<u>243,637</u>	<u>2,790,353</u>
At 31 March 2017	<u>2,546,716</u>	<u>243,637</u>	<u>2,790,353</u>
At 1 April 2017	2,546,716	243,637	2,790,353
Additions	256,174	347,161	603,335
Disposals	(62,310)	–	(62,310)
Translation differences	223,158	22,128	245,286
	<u>2,963,738</u>	<u>612,926</u>	<u>3,576,664</u>
At 31 March 2018	<u>2,963,738</u>	<u>612,926</u>	<u>3,576,664</u>
Accumulated depreciation:			
At 1 April 2015	379,734	24,051	403,785
Charge for the year	320,828	28,424	349,252
Translation differences	(11,584)	(1,426)	(13,010)
	<u>688,978</u>	<u>51,049</u>	<u>740,027</u>
At 31 March 2016	<u>688,978</u>	<u>51,049</u>	<u>740,027</u>
At 1 April 2016	688,978	51,049	740,027
Charge for the year	488,609	38,484	527,093
Written back on disposals	(175,487)	(15,732)	(191,219)
Translation differences	(27,539)	(3,418)	(30,957)
	<u>974,561</u>	<u>70,383</u>	<u>1,044,944</u>
At 31 March 2017	<u>974,561</u>	<u>70,383</u>	<u>1,044,944</u>
At 1 April 2017	974,561	70,383	1,044,944
Charge for the year	473,234	10,719	483,953
Written back on disposals	(53,459)	–	(53,459)
Translation differences	84,417	8,118	92,535
	<u>1,478,753</u>	<u>89,220</u>	<u>1,567,973</u>
At 31 March 2018	<u>1,478,753</u>	<u>89,220</u>	<u>1,567,973</u>
Net book value:			
At 31 March 2016	<u>1,840,753</u>	<u>139,744</u>	<u>1,980,497</u>
At 31 March 2017	<u>1,572,155</u>	<u>173,254</u>	<u>1,745,409</u>
At 31 March 2018	<u>1,484,985</u>	<u>523,706</u>	<u>2,008,691</u>

13 INTANGIBLE ASSETS

	Internally developed software system
	<i>HK\$</i>
Cost:	
At 1 April 2015	–
Additions through internal development	1,799,567
Translation differences	(26,786)
	<u>1,772,781</u>
At 31 March 2016	<u>1,772,781</u>
At 1 April 2016	1,772,781
Additions through internal development	3,899,879
Translation differences	(183,961)
	<u>5,488,699</u>
At 31 March 2017	<u>5,488,699</u>
At 1 April 2017	5,488,699
Additions through internal development	4,288,023
Translation differences	840,613
	<u>10,617,335</u>
At 31 March 2018	<u>10,617,335</u>
Accumulated amortisation:	
At 1 April 2015	–
Charge for the year	199,951
Translation differences	(2,975)
	<u>196,976</u>
At 31 March 2016	<u>196,976</u>
At 1 April 2016	196,976
Charge for the year	1,124,008
Translation differences	(34,935)
	<u>1,286,049</u>
At 31 March 2017	<u>1,286,049</u>
At 1 April 2017	1,286,049
Charge for the year	2,114,506
Translation differences	262,517
	<u>3,663,072</u>
At 31 March 2018	<u>3,663,072</u>
Net book value:	
At 31 March 2016	<u>1,575,805</u>
At 31 March 2017	<u>4,202,650</u>
At 31 March 2018	<u>6,954,263</u>

14 INVESTMENT IN A SUBSIDIARY

	At 31 March 2018
	<i>HK\$</i>
Investment, at cost	<u>16,375,610</u>

15 TRADE AND OTHER RECEIVABLES

	At 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Trade receivables	7,625,079	8,583,858	10,788,433
Deposits and other receivables	264,950	2,068,989	2,348,729
Less: allowance for doubtful debts (<i>Note 15(c)</i>)	–	–	(706,500)
	<u>7,890,029</u>	<u>10,652,847</u>	<u>12,430,662</u>
Prepaid expenses	447,242	2,265,297	4,590,366
	<u>8,337,271</u>	<u>12,918,144</u>	<u>17,021,028</u>

All of the trade and other receivables were expected to be recovered within one year.

(a) Aging analysis

At 31 March 2016, 2017 and 2018, the aging analysis of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	At 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Within 1 month	6,637,409	5,721,334	7,592,898
1 to 3 months	633,684	2,301,489	2,604,968
3 to 6 months	222,795	364,774	294,378
Over 6 months	131,191	196,261	201,689
	<u>7,625,079</u>	<u>8,583,858</u>	<u>10,693,933</u>

Trade receivables are generally due from the relevant invoice dates. Further details on the Group's credit policy are set out in Note 23(a).

(b) Trade receivables that are not impaired

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Neither past due nor impaired	5,691,829	4,234,162	6,091,068
Less than 1 month past due	945,580	1,487,172	1,501,830
1 to 3 months past due	633,684	2,301,489	2,604,968
3 to 6 months past due	222,795	364,774	294,378
Over 6 months past due	131,191	196,261	201,689
	<u>7,625,079</u>	<u>8,583,858</u>	<u>10,693,933</u>

Receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

(c) Impairment of trade and other receivables

Impairment losses in respect of trade debtors and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly (see Note 2(g)(i)).

The movement in the allowance for doubtful debts during the Relevant Periods, including both specific and collective loss components, is as follows:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At beginning of the year	–	–	–
Impairment loss recognised	–	–	706,500
At end of the year	–	–	706,500

At 31 March 2018, the Group's trade receivables of HK\$94,500 and other receivables of HK\$612,000 were individually determined to be impaired. Consequently, specific allowances for doubtful debts totalling HK\$706,500 were recognised. None of the Group's trade and other receivables was individually or collectively considered to be impaired as at 31 March 2017 and 2016.

16 AMOUNTS DUE FROM/(TO) DIRECTORS

The amounts due from directors are non-trade in nature, interest-free, unsecured and recoverable on demand.

The amounts due to a director is non-trade in nature, interest-free, unsecured and repayable on demand.

The amounts due from directors are expected to be settled prior to the Listing.

17 CASH AND CASH EQUIVALENTS**(a) Cash and cash equivalents comprise:**

	At 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cash at banks and on hand	3,338,712	12,648,042	8,087,226

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	Note	Year ended 31 March		
		2016	2017	2018
		HK\$	HK\$	HK\$
Operating activities				
Profit/(loss) before taxation		4,499,977	(75,402)	643,186
Adjustments for:				
Depreciation	6(b)	349,252	527,093	483,953
Amortisation of intangible assets	6(b)	199,951	1,124,008	2,114,506
Interest income	5	(2,667)	(6,829)	(6,536)
Equity-settled share-based payments		4,198,526	5,927,331	1,041,578
Net exchange (gain)/loss		296,963	726,924	(347,350)
Impairment of trade and other receivables	6(b)	–	–	706,500
Loss on disposal of property, plant and equipment	6(b)	–	16,785	8,851
Operating profit before changes in working capital		9,542,002	8,239,910	4,644,688
Changes in working capital:				
Increase in trade and other receivables		(4,271,346)	(2,618,779)	(2,802,893)
Increase in trade and other payables		1,105,729	2,803,532	4,367,424
Decrease in amount due to a former shareholder		(1,050,909)	(1,424,050)	(1,000,948)
(Decrease)/increase in amount due to a fellow subsidiary		–	6,183,501	(566,680)
Cash generated from operations		5,325,476	13,184,114	4,641,591

18 TRADE AND OTHER PAYABLES

	Group			Company
	At 31 March			At 31 March
	2016	2017	2018	2018
	HK\$	HK\$	HK\$	HK\$
Trade payables	89,767	204,154	1,351,214	–
Receipt in advance	3,162,397	5,613,583	7,662,729	–
Other payables and accrued liabilities	2,211,575	2,291,437	3,915,847	51,870
	5,463,739	8,109,174	12,929,790	51,870

All trade and other payables were expected to be settled within one year.

- (i) An aging analysis of trade payables based on the invoice date is as follows:

	At 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Within 1 month	29,139	190,158	735,417
1 to 2 months	30,450	3,000	615,797
2 to 3 months	30,178	10,996	–
	<u>89,767</u>	<u>204,154</u>	<u>1,351,214</u>

19 AMOUNTS DUE TO FORMER SHAREHOLDERS

	Year ended 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Amount due to Tele-Trend Limited	2,837,271	1,233,536	232,588
Amount due to Mr. Liu Zhenyu	179,685	169,335	–
	<u>3,016,956</u>	<u>1,402,871</u>	<u>232,588</u>

Amount due to Tele-Trend Limited is trade in nature, interest-free, unsecured and repayable on demand. Amount due to Mr. Liu Zhenyu is non-trade in nature, interest-free, unsecured and repayable on demand. Tele-Trend Limited and Mr. Liu Zhenyu ceased to be shareholders of the Group in December 2016.

20 AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount due to a fellow subsidiary is interest-free, unsecured and repayable on demand, and is expected to be settled prior to the Listing.

21 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On 16 July 2015, Xin Cheng International Limited (“Xin Cheng”), a company controlled by Mr. Liu Yong which holds indirect equity interest in Tele-Trend Konson, signed a deed with certain employees and external consultants of the Group, pursuant to which a stock ownership plan (the “Pre-IPO Equity Interest Incentive Scheme”) is launched. The Pre-IPO Equity Interest Incentive Scheme is launched with the objective to recognise and reward the contribution of eligible employees and external consultants (together, the “Eligible Personnel”) to the growth and development of the Group. Under the Pre-IPO Equity Interest Incentive Scheme, Mr. Liu Yong will grant the restricted shares in Xin Cheng held by him to the Eligible Personnel at nil consideration, whereby such restricted shares will vest upon the initial public offering of Tele-Trend Konson, or any other corporate entity formed within the Group for the purpose of a listing exercise (the “IPO”). The Group has no legal or constructive obligations to repurchase or settle the restricted shares granted in cash.

The Pre-IPO Equity Interest Incentive Scheme is considered as an equity-settled share-based payment arrangement which is accounted for in accordance with accounting policies set out in Note 2(k)(ii). For further details of the Pre-IPO Equity Interest Incentive Scheme, please refer to section headed “History, Reorganisation and Development – Xin Cheng” in the Prospectus.

On 16 July 2015, 595 restricted shares of Xin Cheng, representing 13.39% effective interest in Tele-Trend Konson, were granted to the Eligible Personnel. As at 31 March 2016 and 2017, it was expected that 537 restricted shares, representing 12.08% effective interest in Tele-Trend Konson, will eventually vest. No other restricted shares were granted during the Relevant Periods.

As part of the Reorganisation, Stand Tall International Limited (“Stand Tall”) became the holding company of Xin Cheng on 14 June 2017, whereby the previous shareholders of Xin Cheng became shareholders of Stand Tall in the same proportion.

(a) Terms and conditions of the restricted shares that existed during the Relevant Periods

	Number of restricted shares	Effective interest in Tele-Trend Konson on the grant date	Vesting date
– Directors	80	1.80%	Date of the IPO
– Employees	424	9.54%	Date of the IPO
– External consultants	91	2.05%	Date of the IPO
	<u>595</u>	<u>13.39%</u>	

During the year ended 31 March 2016, two employees holding 26 restricted shares in total left the Group and the restricted shares granted to them lapsed accordingly. During the year ended 31 March 2017, one employee holding 32 restricted shares left the Group and the restricted shares granted to him lapsed accordingly. No employee left the Group during the year ended 31 March 2018. The movement in restricted shares is more detailed in Note 21(b) below.

(b) Movements of the restricted shares during the year

	Year ended 31 March		
	2016	2017	2018
	Number of restricted shares granted	Number of restricted shares granted	Number of restricted share granted
Outstanding at beginning of year	–	569	537
Granted during the year	595	–	–
Lapsed during the year	(26)	(32)	–
Outstanding at end of year	<u>569</u>	<u>537</u>	<u>537</u>

The weighted average vesting period as at 31 March 2016 and 2017 was 16 months and 4 months, respectively. During the year ended 31 March 2018, the vesting period was extended to reflect the directors' latest estimation of the progress of the Company's IPO. As at 31 March 2018, the remaining weighted average vesting period was approximately 2 months. The fair value of the restricted shares granted during the Relevant Periods was estimated with reference to the equity value of Xin Cheng at the date of grant. The fair value of the restricted shares granted under the Pre-IPO Equity Interest Incentive Scheme was determined using the income approach, whereby a pre-tax discount rate of 15% is applied to the future cash flows. The aggregate fair value of the restricted shares of Xin Cheng granted under the Pre-IPO Equity Interest Incentive Scheme on 16 July 2015 was assessed to be approximately HK\$13,137,772, after applying an aggregate discount of 35.8% for lack of control over Tele-Trend Konson and lack of marketability of the restricted shares.

(c) Equity-settled share-based compensation expenses recognised in the consolidated statements of profit or loss and other comprehensive income during the Relevant Periods

Share-based compensation expenses of HK\$865,682 and HK\$175,896 were recognised by the Group under "staff costs" and "selling, general and administrative expenses", respectively, during the year ended 31 March 2018 (2017: HK\$4,926,358 and HK\$1,000,973, 2016: HK\$3,489,503 and HK\$709,023, respectively).

22 CAPITAL AND RESERVES**(a) Movement in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity.

Details of the changes of the Company's individual components of equity are set out below:

	<u>Share capital</u>	<u>Accumulated loss</u>	<u>Other reserve</u>	<u>Total equity</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(Note 22(b))</i>			
At 15 June 2017 (date of incorporation)	–	–	–	–
Changes in equity from the date of incorporation to 31 March 2018				
Loss for the period	–	(73,171)	–	(73,171)
Issuance of shares <i>(Note 22(b))</i>	5,698	–	16,369,912	16,375,610
	<u>5,698</u>	<u>(73,171)</u>	<u>16,369,912</u>	<u>16,302,439</u>
At 31 March 2018	<u>5,698</u>	<u>(73,171)</u>	<u>16,369,912</u>	<u>16,302,439</u>

(b) Share capital

The Company was incorporated on 15 June 2017 and the Reorganisation of the Group was completed on 21 August 2017. For the purpose of this report, share capital as at 31 March 2016 and 2017 represents the aggregate amount of share capital of the companies now comprising the Group, after elimination of investments in subsidiaries.

On 17 March 2017, 10,000 shares of Tele-Trend Konson were allotted for HK\$7,500,000.

On 23 June 2017, one fully paid ordinary share, representing the entire issued share capital of Power Mind Global Limited, was allotted and issued to the Company and Power Mind Global Limited became a wholly-owned subsidiary of the Company.

On 21 August 2017, Power Mind Global Limited acquired 20,000 shares in Tele-Trend Konson, representing its then entire issued share capital, from Tradebook Global Limited, and Tele-Trend Konson became a wholly-owned subsidiary of the Company.

Upon completion of the Reorganisation, share capital of the Group as at 31 March 2018 represents the share capital of the Company.

(c) Employee share-based compensation reserve

The employee share-based compensation reserve represents the fair value of actual or estimated number of unexercised shares granted to Eligible Personnel of the Pre-IPO Equity Interest Incentive Scheme recognised in accordance with accounting policies set out in Note 2(k)(ii).

(d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation which are dealt with in accordance with the accounting policies set out in Note 2(o).

(e) Merger reserve

The merger reserve represents the difference between the considerations and the aggregate share capital of subsidiaries acquired under business combinations under common control. The merger reserve as at 1 April 2015 is arisen from the acquisition of Tele-Trend Konson SZ by Tele-Trend Konson with details set out in Note 1.

(f) Other reserve

Other reserve comprises the (i) debt of HK\$676,380 waived by Tele-Trend Limited and (ii) the difference between the nominal value of the share capital of the subsidiary acquired as a result of the Reorganisation and the nominal value of the share capital of the Company issued in exchange thereof.

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its business and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

(h) Distributable reserves

The Company was incorporated on 15 June 2017. There was no reserve available for distribution to equity shareholders as at 31 March 2018.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

In respect of trade and other receivables, individual credit evaluations are performed on all customers as part of the acceptance procedures for new customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due immediately from invoice date. Normally, the Group does not obtain collateral from customers.

In view of the Group's diversified customer base and their credit standing, good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. At 31 March 2016, 2017 and 2018, 6%, 3% and 4% of the total trade receivables was due from the Group's largest customer respectively and 17%, 12% and 15% of the total trade receivables was due from the Group's five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 15.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All financial liabilities are carried at amounts not materially different from their contractual undiscounted cashflow as all the financial liabilities are with maturities within one year or repayable on demand at the end of each reporting period.

(c) Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currency giving rise to this risk are primarily Renminbi ("RMB"), US dollars ("USD") and HKD.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in HKD)		
	As at 31 March 2016		
	<i>RMB</i>	<i>USD</i>	<i>HKD</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Trade and other receivables	48,125	31,200	–
Cash and cash equivalents	40,922	1,161,561	22
Amount due from a subsidiary	6,000,000	–	–
Amount due to a former shareholder	(1,624,088)	–	–
Trade and other payables	(11,875)	(40,839)	–
Net exposure arising from recognised assets and liabilities	<u>4,453,084</u>	<u>1,151,922</u>	<u>22</u>
	Exposure to foreign currencies (expressed in HKD)		
	As at 31 March 2017		
	<i>RMB</i>	<i>USD</i>	<i>HKD</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Trade and other receivables	3,661,050	379,080	–
Cash and cash equivalents	1,048,775	1,567,559	2,731,716
Amount due from a subsidiary	5,903,661	–	–
Amount due to a former shareholder	(96,588)	–	–
Trade and other payables	(133,294)	(32,176)	–
Net exposure arising from recognised assets and liabilities	<u>10,383,604</u>	<u>1,914,463</u>	<u>2,731,716</u>

	Exposure to foreign currencies (expressed in HKD)		
	As at 31 March 2018		
	RMB	USD	HKD
	HK\$	HK\$	HK\$
Trade and other receivables	99,050	–	–
Cash and cash equivalents	484,983	–	1,409,464
Amount due from a subsidiary	1,533,661	–	–
Trade and other payables	(307,625)	–	–
Net exposure arising from recognised assets and liabilities	<u>1,810,069</u>	<u>–</u>	<u>1,409,464</u>

As at 31 March 2018, the Company was not exposed to any significant currency risk.

(ii) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's profit/(loss) after tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	At 31 March 2016		At 31 March 2017		At 31 March 2018	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax
		HK\$		HK\$		HK\$
RMB	5%	185,916	5%	(433,515)	5%	(75,570)
	(5)%	<u>(185,916)</u>	(5)%	<u>433,515</u>	(5)%	<u>75,570</u>
HKD	5%	1	5%	(102,439)	5%	(52,855)
	(5)%	<u>(1)</u>	(5)%	<u>102,439</u>	(5)%	<u>52,855</u>
USD	5%	48,093	5%	(79,929)	5%	–
	(5)%	<u>(48,093)</u>	(5)%	<u>79,929</u>	(5)%	<u>–</u>

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/(loss) after tax and retained profits measured in the respective functional currency, translated into HKD at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the Relevant Periods.

(d) **Fair values measurement**

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 March 2016, 2017 and 2018.

24 COMMITMENTS

Operating lease commitments

At 31 March 2016, 2017 and 2018, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 March		
	2016	2017	2018
	HK\$	HK\$	HK\$
Within 1 year	1,528,078	951,964	2,067,349
After 1 year but within 5 years	1,010,148	–	1,141,362
	<u>2,538,226</u>	<u>951,964</u>	<u>3,208,711</u>

The Group is the lessee in respect of a number of office premises held under operating leases. These leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rental.

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions.

During the Relevant Periods, the directors are of the view that the following companies and individuals are related parties of the Group:

Name of party	Relationship with the Group
Liu Yong (劉勇)	Executive director and controlling shareholder
Liu Zhenyu (劉振宇)	Former shareholder of Tele-Trend Konson
Tradebook Global Limited (Note 1)	Fellow subsidiary
Tele-Trend Limited (Note 2)	Former shareholder of Tele-Trend Konson
TSCI Research (H.K.) Limited ("TSCI") (Note 2)	TSCI is controlled by Tele-Trend Limited
Shenzhen Rongyi (Note 3)	Shenzhen Rongyi is controlled by Liu Yong and Liu Zhenyu

Note 1: As at 31 March 2017 and 2016, Tradebook Global Limited was the immediate holding company of the companies now comprising the Group. As more detailed in the section headed "History, Reorganisation and Development", Tradebook Global Limited became a fellow subsidiary of the Company on 21 September 2017.

Note 2: As more fully explained in the section headed "History, Reorganisation and Development" section in the Prospectus, Tele-Trend Limited ceased to be a shareholder of Tele-Trend Konson on 22 December 2016. Consequently, both Tele-Trend Limited and TSCI ceased to be related parties of the Group. As at 31 March 2017 and 2018, Tele-Trend Limited held no equity interest in companies now comprising the Group.

Note 3: As more detailed in the section headed "History, Reorganisation and Development" in the Prospectus, Shenzhen Rongyi became a subsidiary of the Group following the acquisition by Tele-Trend Konson SZ in March 2016, prior to which Shenzhen Rongyi was controlled by Liu Yong and Liu Zhenyu.

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Group and their remuneration is disclosed in Note 8.

(b) Transactions with other related parties

During the years ended 31 March 2016, 2017 and 2018, the Group entered into the following material related party transactions:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Sales to Tele-Trend Limited	1,947,123	964,544	–
Sales to TSCI	–	266,518	–
Market data service fee to Tele-Trend Limited	7,727,414	5,475,208	–
Management fee to Tele-Trend Limited	60,000	45,000	–
Commission to Tele-Trend Limited	33,000	–	–
Staff cost recharged by Shenzhen Rongyi	1,977,073	–	–
Management fee paid to Shenzhen Rongyi	452,899	–	–
	<u> </u>	<u> </u>	<u> </u>

As more detailed in the section headed “Business”, Mr. Liu Yong provided an indemnity against all claims, actions, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group due to the incident that did not contribute in full to the social insurance funds and housing provident funds for its employees in the PRC based on the actual wages of these employees.

26 ACQUISITION

On 21 March 2016, Tele-Trend Konson SZ acquired the entire equity interest in Shenzhen Rongyi from Mr. Liu Yong and Mr. Liu Zhenyu at a consideration of RMB300,000 (equivalent to approximately HK\$359,370) as part of the Reorganisation. Shenzhen Rongyi was engaged in the business of development of computer hardware and software technology.

The following table summarises the estimated fair value of the assets acquired at the date of acquisition:

	<i>HK\$</i>
<i>Fair value of identifiable net assets acquired</i>	
Deferred tax assets	<u>359,370</u>
Net assets acquired	<u>359,370</u>
Total cash consideration	<u>359,370</u>

The consideration of RMB150,000 (equivalent to approximately HK\$179,685 at the settlement date) was settled during the year ended 31 March 2017. The rest of the consideration was subsequently settled by the Group in August 2017.

Shenzhen Rongyi did not contribute revenue, profit or other comprehensive income to the Group for the year ended 31 March 2016.

If the acquisition had been completed on 1 April 2015, the Group’s total revenue and profit for the year ended 31 March 2016 of the Group would have been the same. The unaudited pro forma financial information is supplemental information only and is not necessarily indicative of what the Group’s consolidated results of operations actually would have been had the acquisition been completed as of 1 April 2015. In addition, the unaudited pro forma financial information does not attempt to project the future consolidated results of operations of the Group after the acquisition.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a few amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These include the following which may be relevant to the Group.

	<u>Effective for accounting periods beginning on or after</u>
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKFRS 1, <i>First-time adoption of Hong Kong Financial Reporting Standards</i>	1 January 2018
Amendments to HKFRS 2, <i>Share based payment: Classification and measurement of share-based payment transaction</i>	1 January 2018
Amendments to HKFRS 4, <i>Insurance contracts: Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts</i>	1 January 2018
Amendments to HKAS 28, <i>Investments in associates and joint venture</i>	1 January 2018
Amendments to HKAS 40, <i>Investment property: Transfers of investment property</i>	1 January 2018
HK (IFRIC) 22, <i>Foreign currency transactions and advance consideration</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019
HK (IFRIC) 23, <i>Uncertainty over income tax treatments</i>	1 January 2019
IFRS 17, <i>Insurance contracts</i>	1 January 2021
Amendments to HKFRS 10, <i>Consolidated financial statements</i> and HKAS 28, <i>Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application and is not yet in a position to state whether the adoption of them will have a significant impact on the Historical Financial Information. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9, *Financial instruments*

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. HKFRS 9 is first effective for annual period of the Group beginning on 1 April 2018. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 April 2018. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. Based on the preliminary assessment, the Group expects that the new classification and measurement requirements will not have a material impact on its accounting for financial assets.

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group’s trade receivables and other financial assets. The Group has performed an assessment on the impact of initial adoption of the expected credit loss model, according to which a transition adjustment is expected to be made to reduce the opening balance of the Group’s net assets and increase its accumulated losses at 1 April 2018 by approximately HK\$0.2 million upon the initial adoption of the new impairment requirements. Based on the historical experience of the Group, there were no major defaults in outstanding trade receivables and therefore the directors of the Company do not anticipate the adoption of expected credit loss model to have a significant impact on the Group’s future financial position and performance.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. HKFRS 15 is first effective for annual period of the Group beginning on 1 April 2018. The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed as at 1 April 2018. Based on a preliminary assessment, the Group has identified the following areas which are likely to be affected:

(a) Timing of revenue recognition

The Group’s revenue recognition policies are disclosed in Note 2(n). Currently, other than front office trading system service income that is not related to the Post Delivery Support, revenue related to provision of services is recognised over time when related services are rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised service in the contract. HKFRS 15 identifies 3 situations in which control of the promised service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- (ii) When the entity’s performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity’s activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs. The Group has performed an assessment on the impact of initial adoption of HKFRS 15, according to which certain revenue that is currently recognised at a single point of time will be recognised over time upon the adoption of HKFRS 15. Were HKFRS 15 adopted throughout the Relevant Periods, the Group’s revenue would have been reduced by approximately HK\$3.0 million, HK\$0.4 million and HK\$0.9 million, respectively, for the years ended 31 March 2016, 2017 and 2018. After taking into account of the income tax effect, the Group expects a transition adjustment will be made to reduce the opening balance of its net assets and increase its accumulated losses at 1 April 2018 by HK\$4.4 million upon the initial adoption of HKFRS 15. Other than these, the directors of the Company do not anticipate the adoption of HKFRS 15 to have a significant impact on the Group’s future financial position and performance.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears. Currently, it is not common for the Group to receive payments significantly in advance or in arrears in its arrangements with customers and hence the directors of the Company do not anticipate a significant impact on the Group's financial statements upon adoption of HKFRS 15 in this connection.

HKFRS 16, Leases

As disclosed in Note 2(f), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in Note 24, at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to approximately HK\$3.2 million for properties and other assets. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding recognition of right-of-use assets, once HKFRS 16 is adopted. Other than these, the directors of the Company do not anticipate the adoption of HKFRS 16 to have a significant impact on the Group's future financial position and performance.

HKFRS 16 is first effective for annual period of the Group beginning on 1 April 2019 and the Group does not intend to early adopt HKFRS 16 for its annual period beginning on 1 April 2018. In view of this, the Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

28 SUBSEQUENT EVENTS

Capitalisation Issue

Pursuant to written resolutions of the Company's shareholders passed on 29 August 2018, conditional upon the crediting of the share premium account of the Company as a result of shares pursuant to the Global Offering as set out in the section headed "Share Capital" in the Prospectus, the directors of the Company had authorised to allot and issue a total of 374,430,200 shares, by way of capitalisation of certain sums standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 31 March 2018.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules is to illustrate the effect of the Share Offer on the net tangible assets of our Group attributable to equity shareholders of our Company as at 31 March 2018 as if the Share Offer had taken place on 31 March 2018.

The unaudited pro forma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Share Offer been completed as at 31 March 2018 or at any future dates.

	Consolidated net tangible assets of our Group as at 31 March 2018	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 March 2018	Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Notes 3 and 4)</i>
Based on an Offer Price of HK\$0.64 per Share	7,122,328	59,486,885	66,609,213	0.133
Based on an Offer Price of HK\$0.80 per Share	7,122,328	78,686,885	85,809,213	0.172

Notes:

1. The consolidated net tangible assets of our Group as at 31 March 2018 is arrived at after deducting intangible assets of HK\$6,954,263 from the total consolidated net assets of our Group of HK\$14,076,591 as at 31 March 2018, as extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on the estimated offer prices of HK\$0.64 per Share (being the minimum Offer Price) and HK\$0.80 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses (excluding listing expenses of approximately HK\$12,314,540 which have already been charged to the consolidated statements of comprehensive income during the Track Record Period), and 125,000,000 Shares expected to be issued under the Share Offer, assuming the Offer Size Adjustment Option is not exercised and excluding any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares are in issue (being the number of Shares expected to be in issue immediately after completion of the Capitalisation Issue and the Share Offer, assuming that the Capitalisation Issue and the Share Offer had been completed as of 31 March 2018, but taking no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of share options granted under the Share Option Scheme).
4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 March 2018.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF TRADEGO FINTECH LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of TradeGo FinTech Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 31 March 2018 and related notes as set out in Part A of Appendix II to the prospectus dated 17 September 2018 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Share Offer") on the Group's financial position as at 31 March 2018 as if the Share Offer had taken place at 31 March 2018. As part of this process, information about the Group's financial position as at 31 March 2018 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM 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 (“HKSAE”) 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 7.31 of the GEM Rules, and with reference to AG 7 issued by the HKICPA.

For purpose 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 pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 March 2018 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 event or 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' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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 purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

KPMG

Certified Public Accountants

Hong Kong

17 September 2018

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 June 2017 under the 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 our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since our Company is an exempted company, that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

- (b) By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 29 August 2018. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of our Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. 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 authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(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 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 GEM 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) resigns;
- (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) 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 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 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 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 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 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 GEM 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 GEM 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 Companies Law and the GEM 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 authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of 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 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 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 summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, 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 summarised 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 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 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 15 June 2017 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

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 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 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 Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, 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 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 (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary 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 (2018 Revision).

The undertaking for the Company is for a period of 20 years from 19 July 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 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 authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of 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, our Company's legal adviser on Cayman Islands law, has sent to our Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents delivered to the Registrar of companies and Available for Inspection – Documents Available for Inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Company Law as an exempted company with limited liability on 15 June 2017. Our Company has established a principal place of business in Hong Kong at Office No. 10, 16th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 14 February 2018. Adrian Yeung & Cheng of Suite 1201-2A, 12F, Golden Centre, 188 Des Voeux Road Central, Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, our Company is subject to the Cayman Islands law and our constitution, which comprises the Memorandum and the Articles. A summary of various provisions of our constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation, our Company has an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. 1 Share was allotted and issued to the subscriber on 15 June 2017, and was subsequently transferred to TradeBook Global on the same day.
- (b) Pursuant to the Reorganisation and as consideration for the acquisition by Power Mind of the entire issued share capital of Tele-Trend Konson, on 21 August 2017, 1 nil-paid Share was credited as fully paid, and 569,799 Shares were allotted and issued to TradeBook Global, all credited as fully paid. On 21 September 2017, TradeBook Global declared and distributed an aggregate of 569,800 Shares of our Company to its shareholders as of 21 September 2017 by way of distribution in specie. Upon completion of the distribution, our Company was owned as to 41.14%, 0.79%, 0.79%, 19.74%, 15.00%, 4.00%, 4.50% and 14.04% by Mao Jia, Mr. Lee Deng Charng, Mr. Lee Yat Ming, Xin Cheng, VMI, Asia Wealth, Kun Peng and Joint Smart.
- (c) On 29 August 2018, our Company resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.
- (d) Immediately following completion of the Share Offer and the Capitalisation Issue and taking no account any Share which may be issued pursuant to the exercise of the Offer Size Adjustment Option and options which may be granted under the Share Option Scheme, 500,000,000 Shares will be issued fully paid or credited as fully paid, and 1,500,000,000 Shares will remain unissued.

- (e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of our Shareholders passed on 29 August 2018” in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (f) Save as disclosed in the section headed “Share Capital” in this prospectus and in this paragraph headed “Changes in share capital of our Company”, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of our Shareholders passed on 29 August 2018

On 29 August 2018, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,962,000,000 Shares of HK\$0.01 each.
- (b) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix III to this prospectus;
- (c) conditional on the Listing Division granting listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme) and on the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
 - (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Share Offer Shares pursuant to the Share Offer and any Shares which may be required to be allotted and issued upon the exercise of the offer Size Adjustment Option to rank pari passu with the then existing Shares in all respects;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (iii) conditional further on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$3,744,302 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 374,430,200 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on 29 August 2018 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking pari passu in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions and the Capitalisation Issue was approved;
- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with an aggregate nominal value not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;
- (e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the

options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option, such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the total number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option.

4. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing pursuant to which our Company became the holding company of our Group. For detailed steps of the Reorganisation, please refer to the section headed “History, Reorganisation and Development – Reorganisation” in this prospectus.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants’ Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Reorganisation and Development” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) *Shareholders' approval*

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on 29 August 2018, a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(ii) *Source of Funds*

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in

the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 500,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, our Directors would be authorised under the Repurchase Mandate to repurchase up to 50,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

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 GEM Listing Rules, the Articles and the applicable law and regulations from time to time in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, the directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. No connected person has notified us that he or she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules). No core connected person (as defined in the GEM Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:








- (a) the sale and purchase agreement dated 21 August 2017 entered into among Power Mind (as purchaser), Mr. Liu Yong (as warrantor) and TradeBook Global (as vendor), pursuant to which Power Mind acquired 20,000 shares in Tele-Trend Konson, being its then entire issued share capital, from TradeBook Global, and in consideration thereof, 1 nil-paid Share was credited as fully paid and 569,799 Shares were issued and allotted by our Company to TradeBook Global, all credited as fully-paid;
- (b) the instrument of transfer dated 21 August 2017 between Power Mind and TradeBook Global for the transfer of 20,000 shares in Tele-Trend Konson as referred to in item (a) above;

- (c) the deed of non-competition dated 29 August 2018 executed by Mr. Liu Yong, Mao Jia, Fortune Promise, Xin Cheng and Stand Tall in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries), details of which are set out in the paragraph headed “Non-competition Undertakings” under the section headed “Relationship with Controlling Shareholders” in this prospectus;
- (d) the deed of indemnity dated 29 August 2018 executed by Mr. Liu Yong, Mao Jia, Fortune Promise, Xin Cheng and Stand Tall in favour of our Company (for itself and as trustee for its subsidiaries) containing the indemnities referred to in the paragraph headed “Tax and other indemnities” in this appendix;
- (e) the cornerstone investor agreement dated 13 September 2018 entered into among the Company, China Create Capital Limited and Yue Xiu Securities Company Limited, pursuant to which China Create Capital Limited agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 4,000 Shares) which may be purchased for an aggregate amount of HK\$15,000,000 at the Offer Price; and
- (f) the Public Offer Underwriting Agreement.

2. Intellectual Property Rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong:

Trademark	Class(es)	Application Number	Date of Registration	Date of Expiration	Registered Owner
A  B	9, 16, 35, 36, 38, 41, 42, 45	304040397	7 February 2017	6 February 2027	Tele-Trend Konson
A  TeleTrade	9, 16, 35, 36, 38, 41, 42, 45	304040423	7 February 2017	6 February 2027	Tele-Trend Konson
B  TeleTrade					
A  德利隆信	9, 16, 35, 36, 38, 41, 42, 45	304040432	7 February 2017	6 February 2027	Tele-Trend Konson
B  德利隆信					
A  TradeGo	9, 16, 35, 36, 38, 41, 42, 45	304075731	14 March 2017	13 March 2027	Tele-Trend Konson
B  TradeGo					




Trademark	Class(es)	Application Number	Date of Registration	Date of Expiration	Registered Owner
^A 捷利交易宝 ^B 捷利交易宝	9, 16, 35, 36, 38, 41, 42, 45	304161735	6 June 2017	5 June 2027	Tele-Trend Konson
^A 交易狗 ^B 交易狗	9, 16, 35, 36, 38, 41, 42, 45	304161744	6 June 2017	5 June 2027	Tele-Trend Konson
^A 捷利交易寶 ^B 捷利交易寶	9, 16, 35, 36, 38, 41, 42, 45	304161762	6 June 2017	5 June 2027	Tele-Trend Konson

As at the Latest Practicable Date, our Group had registered the following trademarks in the PRC:

Trademark	Class(es)	Registration Number	Date of Registration	Date of Expiration	Registered Owner
	9	21105807	28 October 2017	27 October 2027	Tele-Trend Konson SZ
	16	21105827	14 December 2017	13 December 2027	Tele-Trend Konson SZ
	35	21105947	28 October 2017	27 October 2027	Tele-Trend Konson SZ
	45	21106095	28 October 2017	27 October 2027	Tele-Trend Konson SZ
交易狗	9	25009075	14 July 2018	13 July 2028	Tele-Trend Konson SZ
交易狗	38	25015458	14 July 2018	13 July 2028	Tele-Trend Konson SZ
交易狗	41	25015798	14 July 2018	13 July 2028	Tele-Trend Konson SZ
交易狗	42	25023080	14 July 2018	13 July 2028	Tele-Trend Konson SZ

Trademark	Class(es)	Registration Number	Date of Registration	Date of Expiration	Registered Owner
交易狗	36	25015402	21 July 2018	20 July 2028	Tele-Trend Konson SZ
交易狗	35	25022820	21 July 2018	20 July 2028	Tele-Trend Konson SZ
交易狗	16	25028454	21 July 2018	20 July 2028	Tele-Trend Konson SZ

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks in the PRC, the registration of which has not yet been granted:

Trademark	Class(es)	Application Number	Application Date	Applicant
交易宝	16	21106234	25 August 2016	Tele-Trend Konson SZ
TradeBook	16	21106345	25 August 2016	Tele-Trend Konson SZ
TradeBook	41	21106179	25 August 2016	Tele-Trend Konson SZ
	41	21106138	25 August 2016	Tele-Trend Konson SZ
 TradeGo	16	25030355	27 June 2017	Tele-Trend Konson SZ
 TradeGo	35	25027530	27 June 2017	Tele-Trend Konson SZ
TradeGo	16	25015096	27 June 2017	Tele-Trend Konson SZ

(b) Domain names

As at the Latest Practicable Date, our Group had registered the following domain names in the PRC:

Applicant	Domain Name	Registration Date	Expiry Date
Tele-Trend Konson SZ	iterader18.com	13 August 2012	13 August 2019
Tele-Trend Konson SZ	itrade18.com	13 August 2012	13 August 2019
Tele-Trend Konson SZ	itrader18.com	14 August 2012	14 August 2019
Tele-Trend Konson SZ	iqdii.com	29 October 2012	29 October 2021
Tele-Trend Konson SZ	iqfii.com	29 October 2012	29 October 2021
Shenzhen Rongyi	myiqdii.com	15 April 2016	15 April 2019
Shenzhen Rongyi	mytsci.com	15 April 2016	15 April 2019
Shenzhen Rongyi	t-tradebook.com	19 April 2016	19 April 2019
Shenzhen Rongyi	tradego8.com	24 May 2017	24 May 2020

(c) Software copyright

As at the Latest Practicable Date, our Group had registered the following software in the PRC:

Software	Name of Registered Proprietor	Registration Date	Registration Number
TradeGo Application Software* (交易寶應用軟件) (Android Version) V2.7	Tele-Trend Konson SZ	20 January 2016	2016SR014588
Tele-Trend Data Service System* (捷利港信行情服務系統) V3.2.0.37	Tele-Trend Konson SZ	8 October 2016	2016SR283337
Tele-Trend A-Shares Data Service Management System* (捷利港信A股行情管家系統) V1.0	Tele-Trend Konson SZ	8 October 2016	2016SR283334

<u>Software</u>	<u>Name of Registered Proprietor</u>	<u>Registration Date</u>	<u>Registration Number</u>
Tele-Trend Global Express Android Version* (捷利港信環球快車Android版軟件) V1.0.0	Tele-Trend Konson SZ	13 October 2016	2016SR292317
Tele-Trend Global Express Web Version* (捷利港信環球快車Web版軟件) 1.0	Tele-Trend Konson SZ	14 October 2016	2016SR293541
Tele-Trend Global Express IOS Version* (捷利港信環球快車IOS版軟件) V1.0.0	Tele-Trend Konson SZ	14 October 2016	2016SR293375
Tele-Trend Global Express PC Version* (捷利港信環球快車PC版軟件) V8.0.0	Tele-Trend Konson SZ	14 October 2016	2016SR293553

3. Information about the PRC subsidiaries of our Company

Tele-Trend Konson SZ

Date of establishment:	29 July 2010
Corporate nature:	Limited liability company (solely invested by corporation in Taiwan, Hong Kong or Macau)
Total registered capital:	RMB20,000,000
Total paid-up registered capital:	RMB9,624,900
Attributable effective interest of our Company:	100%
Term:	29 July 2010 to 29 July 2020
Scope of business:	Computer hardware and software development
Legal representative:	Liu Yong

Shenzhen Rongyi

Date of establishment:	1 April 2010
Corporate nature:	Limited liability company (solely invested by corporation)
Total registered capital and paid-up registered capital:	RMB5,000,000
Attributable effective interest of our Company:	100%
Term:	1 April 2010 to 1 April 2020
Scope of business:	Computer hardware development and sales (excluding franchise products, products under special government control and propriety products)
Legal representative:	Liu Yong

Qianhai Xinfeng

Date of establishment:	23 September 2015
Corporate nature:	Limited liability company (solely invested by corporation)
Total registered capital:	RMB5,000,000
Total paid-up registered capital:	RMB0
Attributable effective interest of our Company:	100%
Term:	Permanent operation

Scope of business: Providing financial intermediary services via internet technology (for projects that need to be approved in accordance with the laws, business activities can only commence after the approvals of relevant authorities have been obtained); cloud computing data sharing services, large data mining services, computer database services, operating e-commerce (the above services are all excluding value-added telecom businesses); investment management, financial management consulting, economic information consulting (the above services are all excluding trust, securities, insurance, banking, personnel intermediary services and other restricted items); financial software, computer software, information systems software development and sales; information consulting; information system design, on-site maintenance service; information system integration.

Legal representative: Liu Yong

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of Interests

(a) Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue, but taking no account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme and the Offer Size Adjustment Option, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to

the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Long position in the Shares*

Name	Capacity/ Nature of interest	Number of Shares held/ interested in	Percentage of interest in our Company
Mr. Liu Yong	Interest of a controlled corporation (Notes 1 and 2)	228,303,791	45.66%
Mr. Liao Jicheng	Interests held jointly with another person (Note 2)	74,039,137	14.81%
Mr. Wan Yong	Interests held jointly with another person (Notes 2 and 3)	126,689,190	25.34%
Mr. Lin Hung Yuan	Interest of a controlled corporation (Note 4)	56,250,000	11.25%

Notes:

1. Mao Jia is an investment-holding company incorporated in the BVI and wholly-owned by Fortune Promise, which is in turn wholly-owned by Mr. Liu Yong. As such, Mr. Liu Yong is deemed, or taken to be, interested in all the Shares held by Mao Jia for the purposes of the SFO.
2. Xin Cheng is an investment-holding company incorporated in the BVI and wholly-owned by Stand Tall. As such, Stand Tall is deemed, or taken to be, interested in all the Shares held by Xin Cheng for the purposes of the SFO. The shareholding of Stand Tall is more specifically set out in the section headed "Statutory and General Information – E. Pre-IPO Equity Interest Incentive Scheme" in Appendix IV to this prospectus. By virtue of the Pre-IPO Equity Interest Incentive Scheme, all voting power in Xin Cheng and Stand Tall is vested in the board of Xin Cheng (as at the Latest Practicable Date, Mr. Liu Yong was the sole director of Xin Cheng), and each of Mr. Liu Yong, Mr. Liao Jicheng and Mr. Wan Yong are shareholders of Stand Tall. Accordingly, each of Mr. Liu Yong, Mr. Liao Jicheng and Mr. Wan Yong are deemed, or taken to be, interested in all the Shares held by Xin Cheng for the purposes of the SFO.
3. Joint Smart is an investment-holding company incorporated in the BVI and wholly-owned by Mass Victory, which is in turn owned as to 75% by Mr. Wan Yong. As such, Mr. Wan Yong is deemed, or taken to be, interested in all the Shares held by Joint Smart for the purposes of the SFO.
4. The management shares of VMI are all held by VMI Capital Group Limited in its capacity as investment manager, which is in turn wholly-owned by Mr. Lin Hung Yuan. As such, Mr. Lin Hung Yuan is deemed, or taken to be, interested in all the Shares held by VMI for the purposes of the SFO.

(b) Interests of other substantial Shareholders in the Shares and Underlying Shares

So far as is known to our Directors and taking no account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme and the Offer Size Adjustment Option, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Capitalisation Issue and the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group:

<u>Name</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares held/ interested in</u>	<u>Percentage of interest in our Company</u>
Mao Jia	Beneficial owner	154,264,654	30.85%
Fortune Promise	Interest of a controlled corporation (<i>Note 1</i>)	154,264,654	30.85%
Xin Cheng	Beneficial owner and Trustee (<i>Note 2</i>)	74,039,137	14.81%
Stand Tall	Interest of a controlled corporation (<i>Note 2</i>)	74,039,137	14.81%
VMI	Beneficial owner (<i>Note 3</i>)	56,250,000	11.25%
VMI Capital Group Limited	Investment Manager (<i>Note 3</i>)	56,250,000	11.25%
Joint Smart	Beneficial owner	52,650,053	10.53%
Mass Victory	Interest of a controlled corporation (<i>Note 4</i>)	52,650,053	10.53%
Ms. Liu Xiaoming	Interest of spouse (<i>Note 5</i>)	228,303,791	45.66%
Ms. Zhang Tian	Interest of spouse (<i>Note 6</i>)	56,250,000	11.25%
Ms. Chen Zhaoxia	Interest of spouse (<i>Note 7</i>)	126,689,190	25.34%
Ms. Lu Ximeng	Interest of spouse (<i>Note 8</i>)	74,039,137	14.81%

Notes:

1. Mao Jia is an investment-holding company incorporated in the BVI and wholly-owned by Fortune Promise. As such, Fortune Promise is deemed, or taken to be, interested in all the Shares held by Mao Jia for the purposes of the SFO.
2. Xin Cheng is interested in approximately 14.49% and 0.32% of our Company as beneficial owner and trustee, respectively. The approximately 0.32% shareholding in our Company is held by Xin Cheng as trustee arising from or in relation to the employee share ownership scheme of Tele-Trend Konson. Xin Cheng is an investment-holding company incorporated in the BVI and wholly-owned by Stand Tall. As such, Stand Tall is deemed, or taken to be, interested in all the Shares held by Xin Cheng for the purposes of the SFO.
3. The management shares of VMI are all held by VMI Capital Group Limited in its capacity as investment manager. As such, VMI Capital Group Limited is deemed, or taken to be, interested in all the Shares held by VMI for the purposes of the SFO.
4. Joint Smart is an investment-holding company incorporated in the BVI and wholly-owned by Mass Victory. As such, Mass Victory is deemed, or taken to be, interested in all the Shares held by Joint Smart for the purposes of the SFO.
5. Ms. Liu Xiaoming is the spouse of Mr. Liu Yong and is deemed or taken to be interested in all the Shares in which Mr. Liu Yong has, or is deemed to have, an interest for the purpose of the SFO.
6. Ms. Zhang Tian is the spouse of Mr. Lin Hung Yuan and is deemed or taken to be interested in all the Shares in which Mr. Lin Hung Yuan has, or is deemed to have, an interest for the purpose of the SFO.
7. Ms. Chen Zhaoxia is the spouse of Mr. Wan Yong and is deemed or taken to be interested in all the Shares in which Mr. Wan Yong has, or is deemed to have, an interest for the purpose of the SFO.
8. Ms. Lu Ximeng is the spouse of Mr. Liao Jicheng and is deemed or taken to be interested in all the Shares in which Mr. Liao Jicheng has, or is deemed to have, an interest for the purpose of the SFO.

2. Particulars of service contracts

None of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

- (a) The aggregate remuneration paid by our Group to our Directors in the capacity of directors for each of the years ended 31 March 2016, 2017 and 2018 were approximately HK\$1.5 million, HK\$1.7 million and HK\$1.4 million, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2019 will be approximately HK\$1.4 million.

- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	<i>HK\$</i>
Mr. Liu Yong	400,000
Mr. Wan Yong	400,000
Mr. Liao Jicheng	400,000
Non-executive Director	
Mr. Lin Hung Yuan	Nil
Independent non-executive Directors	
Ms. Jiao Jie	200,000
Mr. Man Kong Yui	200,000
Dr. Loke Yu (also known Loke Hoi Lam)	200,000

4. Agency fees or commissions received

None of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under note 25(b) to the Accountants’ Report set forth in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) taking no account any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

- (b) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the GEM;
- (c) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is interested 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;
- (d) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to our Directors, none of the directors, their respective associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;
- (g) none of the directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 29 August 2018. The following is a summary of the principal terms of the Share Option Scheme but does not form, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	29 August 2018, the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of written resolutions
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 29 August 2018:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (fulltime and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the success of the business of our Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(v) Maximum number of Shares

- (aa) subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 50,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 50,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (bb) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (cc) our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the GEM Listing Rules.
- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to a Director, chief executive or Substantial Shareholder, or any of their respective associates

- (aa) Any grant of an option to a Director, chief executive or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the option).

- (bb) Where any grant of options to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his associates and all core connected persons of our Company must abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

- (aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
 - (i) the date of our Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly under the GEM Listing Rules, or other interim period (whether or not required under the GEM Listing Rules).

(bb) Further to the restrictions in paragraph (aa) above, no option may be granted to a Director on any day on which financial results of our Company are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) Performance targets

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xiii) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his death or within such period of six months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by our Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(xv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to our Board to be in their opinion fair and

reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and, or any persons controlled by the offeror and, or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than 2 Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the

court for the purposes of considering such compromise or arrangement (“Suspension Date”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

(xx) Lapse of options

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which our Board exercises our Company’s right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

(xxi) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

- (aa) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of our Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time or any guidelines issued by the Stock Exchange from time to time.

(xxiv) Termination to the Share Option Scheme

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in the Shares may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; (ii) the passing of the necessary resolution(s) to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution; and (iii) the commencement of trading of Shares on the GEM.

(c) Present status of the Share Option Scheme

Application has been made to the Listing Division for listing of and permission to deal in 50,000,000 Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

(E) Pre-IPO EQUITY INTEREST INCENTIVE SCHEME

The Pre-IPO Equity Interest Incentive Scheme was adopted on 16 July 2015 and revised on 10 July 2017, the principal terms of which are set out as follows:–

(a) Purpose

The Pre-IPO Equity Interest Incentive Scheme was established by Xin Cheng to recognise and reward the contribution of certain eligible participants who (as set out in paragraph (b) below) have or may have made to the growth and development of the business of our Group.

(b) Operation

Under the Pre-IPO Equity interest Incentive Scheme, (i) TradeBook Global issued and allotted 10% of its then entire issued share capital to Xin Cheng at nominal consideration; and (ii) Mao Jia transferred 15% of the then entire issued share capital of TradeBook Global to Xin Cheng at nominal consideration.

Xin Cheng was set up for the purpose of setting aside a pool for the benefit of the employees and/or consultants of our Group pursuant to a proposed equity interest incentive scheme which later became the Pre-IPO Equity Interest Incentive Scheme. During the period from 12 May 2015 to 3 June 2016, Xin Cheng was owned as to 68%, 20%, and 12% by Mr. Liu Yong, Mr. Liu Zhenyu and Mr. Liao Jicheng on record. And Mr. Liu Yong, Mr. Liu Zhenyu and Mr. Liao Jicheng had been acting as trustees in the Pre-IPO Equity Interest Incentive Scheme during this period. Mr. Liu Yong became the sole trustee under the Pre-IPO Equity Interest Incentive Scheme after 3 June 2016.

Pursuant to the Pre-IPO Equity Interest Incentive Scheme, certain employees and consultants of our Group who satisfy the eligibility requirement may be invited to participate in the Pre-IPO Equity Interest Incentive Scheme (the “**Scheme Participants**”). Prior to obtaining any shares of Xin Cheng under the Pre-IPO Equity Interest Incentive Scheme, the Scheme Participants are required to satisfy the following conditions (the “**Grant Conditions**”):-

- (i) The Scheme Participants will have to pass the internal assessment as determined by the board of Xin Cheng from time to time;
- (ii) The Scheme Participants will have to execute such documents (including but not limited to any undertaking to comply with lock-up requirement) and perform such actions as reasonably required by the board of Xin Cheng; and
- (iii) The Scheme Participants will use all reasonable efforts to assist the Listing of our Group (including but not limited to taking such actions as required by the Sponsor).

Upon passing the internal assessment, the trustee(s) under the Pre-IPO Equity Interest Incentive Scheme would transfer the shares of Xin Cheng previously registered in the name of the trustees to the relevant Scheme Participants at nominal or nil consideration.

If the Scheme Participants left our Group prior to the Listing, any shares of Xin Cheng registered in their names would have to be transferred back to the trustee(s) under the Pre-IPO Equity Interest Incentive Scheme, Xin Cheng or such other persons as directed by the board of Xin Cheng at nil consideration (the “**Clawback Provision**”).

Any shares transferred to the Scheme Participants pursuant to the Pre-IPO Equity Interest Incentive Scheme would be vested on the Listing Date (the “**Vesting Condition**”). When the Pre-IPO Equity Interest Incentive Scheme is terminated, any Shares which have not been granted pursuant to the Pre-IPO Equity Interest Incentive Scheme would belong to the Initial Shareholders.

Rights constituting 59.50% of the then entire issued share capital of Xin Cheng were granted to the Scheme Participants, whose identities would be more particularly set out in paragraph (c) below, on 16 July 2015 subject to the Grant Conditions, the Clawback Provision and the Vesting Condition. Two of the Scheme Participants left our Group before 3 June 2016 and their respective rights under the Pre-IPO Equity Interest Incentive Scheme were transferred to Mr. Liu Yong as beneficial owner. On 3 June 2016, shares in Xin Cheng constituting 43.60% of the then entire issued share capital of Xin Cheng were transferred to some of the Scheme Participants subject to the Clawback Provision and the Vesting Condition. Xin Cheng since then was owned as to 56.40% by Mr. Liu Yong on record (of which 43.10% was beneficially owned by Mr. Liu Yong) and the remaining 43.60% shareholding on record were divided by 10 employees and/or consultants in different proportion with no single person obtaining more than 10% shareholding in Xin Cheng. On 31 October 2016, one employee named Li Yicheng left our Group and the Clawback Provision took effect. 3.20% shareholding was transferred from Li Yicheng to Mr. Liu Yong as beneficial owner. On 14 June 2017, all issued shares in Xin Cheng were transferred to Stand Tall, and in consideration thereof, Stand Tall issued consideration shares to the shareholders of Xin Cheng in the same proportion, which was endorsed and ratified by the remaining Scheme Participants in the Pre-IPO Equity Interest Incentive Scheme on 21 July 2017.

(c) Scheme Participants and Incentive Equity Interest

The list of the Scheme Participants in the Pre-IPO Equity Interest Incentive Scheme and each of their respective percentage of equity interest interested in Xin Cheng under the Pre-IPO Equity Interest Incentive Scheme as of 16 July 2015 are set out as follows:–

<u>Scheme Participants</u>	<u>Position in our Company</u>	<u>Percentage (%) of Incentive Equity Interest in Xin Cheng</u>
ZHANG Wenhua 張文華	Technical director	10.00%
ZENG Zhong 曾忠	Project manager	3.20%
LIU Peng 劉鵬	Head of internet maintenance	2.00%
ZHUANG Wenxiao 莊文驍	Internet marketing director	4.00%
YAN Changkai 顏昌楷	Transaction business technical director	4.00%
JIANG Junlin 蔣峻林	Product research and development manager	3.20%
DUAN Zhengren 段正仁	Web technology director and framework designer	4.00%
LIAO Jicheng 廖濟成	Sales director (also our executive Director)	4.00%
BAI Junyuan 白俊源	UI design director	0.80%
HUANG Yuanhua 黃遠華	Project manager	1.00%
ZHU Huijuan 朱慧娟	Customer service supervisor	0.80%
YE Lin 葉琳	Head of administration, personnel and finance	0.80%
LI Yicheng 李益成	Head of mobile team	3.20%
TAN Minglei 譚明磊	Marketing director	1.60%
HOU Qingquan 侯清泉	Deputy general manager of operation centre	1.00%
ZHOU Jianyue 周建月	Product manager	2.00%
DENG Qinyue 鄧欽月	Human resources director	0.80%
WAN Yong 萬勇	Consultant and executive Director	4.00%
DU Tongzhou 杜同舟	Consultant	4.00%
LI King Wang 李竟弘	Consultant	5.10%
Total		59.50%

As disclosed in paragraph (b) above, some of the Scheme Participants left our Group and are no longer entitled under the Pre-IPO Equity Interest Incentive Scheme. The list of the Scheme Participants in the Pre-IPO Equity Interest Incentive Scheme and each of their respective percentage of equity interest interested in Xin Cheng under the Pre-IPO Equity Interest Incentive Scheme as of the Latest Practicable Date are set out as follows:–

<u>Scheme Participants</u>	<u>Position in our Company</u>	<u>Percentage (%) of Incentive Equity Interest in Stand Tall</u>	<u>Passed internal assessment and registered as shareholder</u>
ZHANG Wenhua 張文華	Technical director	10.00%	Yes
ZENG Zhong 曾忠	Project manager	3.20%	Yes
LIU Peng 劉鵬	Head of internet maintenance	2.00%	Not yet
ZHUANG Wenxiao 莊文驍	Internet marketing director	4.00%	Yes
YAN Changkai 顏昌楷	Transaction business technical director	4.00%	Yes
JIANG Junlin 蔣峻林	Product research and development manager	3.20%	Yes
DUAN Zhengren 段正仁	Web technology director and framework designer	4.00%	Yes
LIAO Jicheng 廖濟成	Sales director (also our executive Director)	4.00%	Yes
BAI Junyuan 白俊源	UI design director	0.80%	Not yet
HUANG Yuanhua 黃遠華	Project manager	1.00%	Not yet
ZHU Huijuan 朱慧娟	Customer service supervisor	0.80%	Not yet
YE Lin 葉琳	Head of administration, personnel and finance	0.80%	Not yet
ZHOU Jianyue 周建月	Product manager	2.00%	Not yet
DENG Qinyue 鄧欽月	Human resources director	0.80%	Not yet
WAN Yong 萬勇	Consultant and executive Director	4.00%	Yes
DU Tongzhou 杜同舟	Consultant	4.00%	Yes
LI King Wang 李竟弘	Consultant	5.10%	Not yet
Total		53.70%	

(d) Delegation of Power

Each of the Scheme Participants irrevocably gave their consent to delegate all of their power to vote as shareholder of Xin Cheng (or Stand Tall) to the board of Xin Cheng (or Stand Tall) until the Date of Listing.

On 29 August 2018, Mr. Liu Yong has executed a deed of indemnity in favour of Stand Tall, Xin Cheng, and their respective associates (including the beneficiaries under the Pre-IPO Equity Interest Incentive Scheme), in respect of the Pre-IPO Equity Interest Incentive Scheme.

F. OTHER INFORMATION**1. Tax and other indemnities**

Mr. Liu Yong, Mao Jia, Fortune Promise, Xin Cheng and Stand Tall (collectively, the “**Indemnifiers**”) have, under a deed of indemnity referred to in item (i) of the sub-section headed “Summary of material contracts” in this appendix, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things,

- (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or by reference to any transaction, act, omission or event entered into or occurring or deemed to enter into or occur on or before the date on which the Share Offer becomes unconditional;
- (b) any liability for Hong Kong estate duty which is or hereafter become payable by any member of our Group under or by virtue of the provisions of Section 35 and Section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any similar legislation in any relevant jurisdiction outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional;
- (c) the implementation of the Reorganisation and/or disposal or acquisition of the equity interest in any member of our Group since the date of incorporation of each member of our Group and up to the date on which the Share Offer becomes unconditional;
- (d) any claims, actions, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Share Offer becomes unconditional; and

- (e) any non-compliance with the applicable laws, rules or regulations by our Company and/or any member of our Group on or before the date on which the Share Offer becomes unconditional.

The Indemnifiers will, however, not be liable under the deed of indemnity to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such liability in the audited consolidated accounts of our Company for the Track Record Period; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (c) the taxation liability arises in the ordinary course of business of any members of our Group after 31 March 2017 up to and including the date on which the Share Offer becomes unconditional.

The directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Save as disclosed in the section head “Business – Litigation” in this prospectus, as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules.

We agreed to pay the Sponsor a fee of HK\$6.5 million, which relates solely to services provided by the Sponsor in the capacity of sponsor.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are estimated to be approximately HK\$54,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Essence Corporate Finance (Hong Kong) Limited	A licensed corporation under the SFO to engage in Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants
Shu Jin Law Firm	Legal advisers as to PRC law
Appleby	Legal advisers as to Cayman Islands law
Mr. CHAN Chung	Barrister-at-law of Hong Kong
Frost & Sullivan	Industry research consultant

7. Consents of experts

Each of Essence Corporate Finance (Hong Kong) Limited, KPMG, Shu Jin Law Firm, Appleby, Mr. Chan Chung and Frost & Sullivan has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited, our Hong Kong Branch Share Registrar. Save where the directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

10. No material adverse change

Save for the expenses expected to be incurred in connection with the Listing and as disclosed in the section headed "Summary – Recent Development", the directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 March 2018 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this prospectus, and there is no event since 31 March 2018 which would materially affect the information shown in our consolidated financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

11. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, the directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

12. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
 - (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;
 - (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and
 - (ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
 - (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus;
 - (iii) save as disclosed in the section headed “Underwriting” in this prospectus, none of Essence Corporate Finance (Hong Kong) Limited, KPMG, Shu Jin Law Firm, Appleby, Mr. Chan Chung and Frost & Sullivan;
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including our Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
 - (iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;

(v) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(vi) our Group has no outstanding convertible debt securities.

(b) the English text of this prospectus shall prevail over the Chinese text.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in the section headed “Statutory and general information – F. Other information – 7. Consents of experts” in Appendix IV to this prospectus; and (c) copies of the material contracts referred to in the section headed “Statutory and general information – B. Further information about the business – 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Adrian Yeung & Cheng at Suite 1201-2A, 12th Floor, Golden Centre, 188 Des Voeux Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report and the report on the unaudited pro forma financial information of our Group from KPMG, the texts of which are set out in Appendices I and II to this prospectus;
- (c) the audited consolidated financial statements of our Group for the years ended 31 March 2016, 2017 and 2018;
- (d) the letter of advice prepared by Appleby summarising certain aspects of Company’s Law referred to in Appendix III to this prospectus;
- (e) the legal opinion prepared by our Hong Kong Legal Counsel;
- (f) the material contracts referred to the paragraph headed “B. Further information about the business – 1. Summary of material contracts” in Appendix IV to this prospectus;
- (g) the PRC legal opinion issued by Shu Jin Law Firm;
- (h) the written consents referred to in the paragraph headed “F. Other information – 7. Consent of experts” in Appendix IV to this prospectus;
- (i) the Companies Law;
- (j) the rules of the Share Option Scheme; and
- (k) the Frost & Sullivan Report issued by Frost & Sullivan.



TradeGo

TradeGo FinTech Limited
捷利交易寶金融科技有限公司