
SUMMARY

This summary aims to give prospective investors an overview of the information contained in this document and should be read in conjunction with the full text of this document. As this is a summary, it does not contain all the information that may be important to prospective investors. Prospective investors should read the whole document before you decide to invest in the [REDACTED].

There are risks associated with any investment in companies listed on GEM. Some of the particular risks relating to investing in the [REDACTED] are set out in the section headed "Risk factors". Prospective investors should read that particular section carefully before deciding to invest in the [REDACTED]. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of technical terms" of this document.

OVERVIEW

We are a Hong Kong-based financial services provider principally engaged in providing bespoke services encompassing (i) securities brokerage; (ii) securities-backed lending; and (iii) placing and underwriting. We cater mainly to individual and corporate clients with investment appetites for the securities of small- to medium-sized companies listed on the Stock Exchange.

The majority of our business is conducted through our subsidiary, PSL, which is a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity. PSL conducts our brokerage, margin financing as well as placing and underwriting services. In addition to the abovementioned services, we are also licensed under the MLO to operate a money lending service through our subsidiary, PCGL, which enables us to provide a one-stop securities-backed lending service to our clients. Notwithstanding our short operating history, we are led by an experienced management team under which our Group recorded significant growth in terms of revenue as well as profit within the span of two years. In particular, their decision to expand our loan portfolio and enlarge our client base was the prime driver of our Group's growth during the Track Record Period.

HISTORY OF OUR GROUP

Mr. Jonathan Cheung acquired PSL in March 2012 with the intention of addressing a gap in the market and catering to investors who are interested in investing in the shares of small- to medium-sized companies listed on the Stock Exchange. Mr. Henry Cheung, father of Mr. Jonathan Cheung, having served as a director of PSL since December 2012 and confident in the growth potential of our Group, injected capital in our Group to fund its further expansion in May 2013. As at the Latest Practicable Date, our Group was held as to 70.0% by Mr. Henry Cheung, our Chairman, executive Director and Controlling Shareholder, and as to 30.0% by Mr. Jonathan Cheung, our Chief Executive Officer, Vice Chairman, executive Director and substantial Shareholder.

SUMMARY

In September 2012, PSL successfully obtained a licence under the SFO to conduct Type 1 regulated activity, and in November of the same year PSL was granted a Stock Exchange Trading Right and was approved as an Exchange Participant with effect from 3 December 2012. In February 2013, PCGL successfully obtained Money Lenders Licence which allowed us to begin our money lending business in the form of securities-backed lending in Hong Kong.

BUSINESS MODEL

Competitive strengths

It is our Directors' view that our Group possesses the following competitive strengths:

- our lean organisational structure, which allows us to offer a quick and efficient service to our customers;
- the complementary nature of our services, which allows us to cross-sell our various services to our clients; and
- the extensive personal networks of our management, which help us to access our target customers and maintain strong relationships with them.

Business strategies

To leverage on our competitive strengths, we have defined our business strategies as follows:

- we focus on clients with investment appetites for the securities of small- to medium-sized listed companies;
- we offer tailor-made services to cater for the specific objectives of our clients; and
- we leverage on synergies between our different services to offer a more comprehensive service to our clients.

SUMMARY

Principal business

Commission and interest rates

Set out below are the various rates we generally charged in relation to our principal business activities during the Track Record Period:

		For the year ended 31 December	
		2013	2014
1.	Securities brokerage commission	0.05% to 0.25%; minimum commission of HK\$80.0	0.05% to 0.25%; minimum commission of HK\$80.0
2.	Securities backed lending:		
	– <i>Margin financing interest</i>	10.5% to 14.5% per annum	12.5% to 20.0% per annum
	– <i>Money lending interest (Note 1)</i>	24.0% to 36.0% per annum	24.0% to 36.0% per annum
3.	Placing or underwriting commission	For sellers/issuers: HK\$0.2 million (Note 2) For placees: 1.0% to 1.5%	For sellers/issuers: 2.5% to 3.75% For placees: 1.0% to 1.25%

Notes:

1. Refers to the rates specified in the respective loan agreements.
2. We conducted only one such transaction during 2013 for which we charged a flat fee.

(i) Brokerage services

Our wholly-owned subsidiary, PSL, is licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity and conducts all of our brokerage services. We execute trades on our clients' behalf in equity securities traded on the Stock Exchange. Our trading operations are handled by our front office team, comprising our Licensed Representatives and Responsible Officers. Customers can either place orders via telephone or via our online trading platform. During the Track Record Period, we generated income from 143 active customers.

(ii) Securities-backed lending services

We categorise our one-stop securities-backed lending service into two separate components, namely a margin financing service and a money lending service. Our margin financing operations are conducted by PSL, under its Type 1 licence, whilst our money lending

SUMMARY

activities are conducted by PCGL under its Money Lenders Licence. Our securities-backed lending services are handled by our front office team, whilst our Credit Committee, comprising our executive Directors and certain members of our senior management team, are responsible for approving margin financing and loan applications.

PSL offers margin financing to our clients. Customers pledge the securities they own with us in order to receive financing to make further securities purchases via PSL's brokerage business. The amount of financing that a customer can receive is determined by the margin ratio offered to them, which represents the maximum percentage of financing a customer can receive against the value of collateral shares in his or her account with PSL. During the Track Record Period and up to the Latest Practicable Date, we generated interest income from a total of 89 active customers.

In order to supplement our securities-backed lending service, we also operate a money lending service through PCGL, which is a licensed money lender under the Money Lenders Ordinance. Whilst our margin loans can only be used for the purchase of securities via PSL, clients may use loans granted under our Money Lenders Licence for other purposes, which may or may not include the purchase of securities through our brokerage service. During the Track Record Period, we offered secured loans to a total of four customers. All four loans were settled in 2014. As at the Latest Practicable Date, we did not have any outstanding loans with any of our money lending customers.

(iii) Placing and underwriting services

Our subsidiary, PSL, is responsible for conducting our placing and underwriting services. We act as placing agent or underwriter for equity and debt securities listed on the Stock Exchange, and our customers generally comprise listed companies and shareholders of listed companies. During the Track Record Period, we acted as placing agent for 21 transactions, which consisted of the placing of new shares and block trades in the secondary market and were all conducted on a best-effort basis.

Our customers

We provide our services to individuals and corporations. We primarily cater to clients with investment appetites for the securities of small- to medium-sized companies listed on the Stock Exchange. For each of the two years ended 31 December 2013 and 2014, revenue attributable to the respective largest customer amounted to approximately 27.8% and 12.9% of our total revenue. Taking into account revenue derived from all services rendered to each customer, during the same period, the revenue of our top five customers in aggregate accounted for approximately 79.2% and 49.7% of our total revenue respectively. We closely monitor our customer portfolio to ensure that there is no over-reliance on any one single customer in order to minimise the credit risk faced by our Group should one of our major customers default on their settlement or repayment obligations. In addition, our Directors confirm that we will make conscious efforts to ensure that there is no over-reliance on our major customers.

SUMMARY

During the Track Record Period and up to the Latest Practicable Date, we had no long-term agreements with any of our top five customers, and none of our Directors or their respective associates or the existing Shareholders who own more than 5.0% of our issued share capital has had or has any interest in any of our top five customers.

During the two years ended 31 December 2013 and 2014, revenue generated from our connected persons and their associates contributed approximately 2.0% and 1.2% of the Group's total revenue respectively.

FINANCIAL INFORMATION

The following is a summary of the combined statements of comprehensive income and other financial information during the Track Record Period as derived from the Accountants' Report, the full text of which is set out in Appendix I to this document. This summary should be read in conjunction with the aforesaid Accountants' Report and the section headed "Financial information" of this document.

Combined statements of comprehensive income

	Year ended 31 December			
	2013		2014	
	<i>HK\$'000</i>	<i>Percentage of our Group's revenue</i>	<i>HK\$'000</i>	<i>Percentage of our Group's revenue</i>
Revenue:				
Commission income from securities brokerage services	2,153	13.1%	8,610	26.1%
Interest income from securities-backed lending services:				
– Margin financing services	6,549	39.8%	13,357	40.4%
– Money lending services	7,387	44.8%	5,482	16.6%
Sub-total	13,936	84.6%	18,839	57.0%
Commission income from placing and underwriting services	265	1.6%	5,335	16.2%
Handling fee for ancillary services	120	0.7%	241	0.7%
Total	<u>16,474</u>	<u>100.0%</u>	<u>33,025</u>	<u>100.0%</u>
Other income	162		7	
Profit before income tax	11,184		25,738	
Profit for the year attributable to owners of the Company	9,405		21,217	

SUMMARY

Financial position

	As at 31 December	
	2013	2014
	HK\$'000	HK\$'000
Net assets	8,842	31,059
Net current assets	7,620	30,014

Key financial ratios

	Year ended 31 December	
	2013	2014
Net profit margin	57.1%	64.2%
Return on equity	106.4%	68.3%
Return on total assets	6.1%	12.9%
Current ratio	1.1	1.2
Quick ratio	1.1	1.2
Gearing ratio	–	–

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

The overall business strategies of our Group are set out in the paragraph headed "Business strategies" on page 84 of the section headed "Business" of this document, and our future plans are set out in the section headed "Future plans and use of proceeds" of this document. In particular, we intend to further expand our securities-backed lending services.

The net proceeds of the [REDACTED], after deducting fees and estimated expenses payable by our Company in connection therewith, are estimated to be approximately HK\$[REDACTED] million (calculated based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point [REDACTED]). We intend to apply the net proceeds as follows:

- as to approximately [91.1]%, representing approximately HK\$[REDACTED] million, will be used in the expansion of our securities-backed lending services; and
- the remaining amount of approximately [8.9]%, representing approximately HK\$[REDACTED] million, will be used for general working capital and other corporate purposes.

SUMMARY

IMPACT OF LISTING EXPENSES

The estimated total listing expenses incurred in relation to the listing of our Shares on GEM are approximately HK\$15.0 million, of which HK\$5.0 million will be accounted for as a deduction from equity upon Listing. The remaining estimated listing expenses will be recognised in our combined statements of comprehensive income. Approximately HK\$1.7 million was charged to our combined statement of comprehensive income for the year ended 31 December 2014, whilst approximately HK\$8.3 million will be charged to our statement of comprehensive income for the year ending 31 December 2015. The listing expenses mainly comprise fees paid or payable to the various professional parties involved in the Listing process as well as commission payable to the Underwriters. Since the number of [REDACTED] to be issued represents [REDACTED]% of the total number of Shares in issue upon Listing, listing expenses that are not clearly separable are allocated to equity and the statement of comprehensive income on a ratio of 25:75.

RISK FACTORS

Summarised below are the key risks involved in our operations which are beyond our control:

- risk of operational and trading system failures;
- risk of trading errors;
- our collaterals may not be sufficient to cover the outstanding balance of securities-backed loans in case of default; and
- risk of reliance on major customers.

The above risks are not the only significant risks relating to our Company. A detailed discussion of the aforesaid and other risks is set out in the section headed "Risk factors" starting on page 20 of this document.

DIVIDEND POLICY

Our Directors intend to strike a balance between maintaining sufficient capital to grow our business and rewarding our Shareholders. Future declaration of dividends will be subject to our Directors' decision and will depend on, among other things, our earnings, financial conditions, cash requirements and availability, and any other factors our Directors may consider relevant. A dividend of HK\$30.0 million was declared by our Company for the year ended 31 December 2014. Such dividend will be settled prior to the Listing. Currently, we do not have any predetermined dividend distribution ratio. Prospective investors should note that historical dividend trends may not be indicative of future dividend trends.

SUMMARY

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalisation (<i>Note 1</i>)	HK\$[REDACTED]	HK\$[REDACTED]
Historical price-to-earnings multiple (<i>Note 2</i>)	[REDACTED] times	[REDACTED] times
Unaudited pro forma adjusted combined net tangible assets per Share (<i>Note 3</i>)	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

1. The calculation of market capitalisation at the [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately following completion of the [REDACTED] and the Capitalisation Issue.
2. The calculation of the historical price-to-earnings multiple is calculated with reference to the profit attributable to owners of the Company for the year ended 31 December 2014 of approximately HK\$[REDACTED] million] and on the assumption that [REDACTED] Shares had been in issue throughout the year ended 31 December 2014, and the respective [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED].
3. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after the adjustment for the estimated net proceeds from the [REDACTED] payable to our Company of approximately HK\$[REDACTED] million] based on the [REDACTED] of HK\$[[REDACTED]] per [REDACTED] and approximately HK\$[REDACTED] million] based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] respectively and on the basis that a total of [REDACTED] Shares were in issue (including Shares in issue at the date of this document, and those Shares to be issued under the Capitalisation Issue and the [REDACTED]).