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Application Proof of

## **REF Holdings Limited**

**(the “Company”)**

*(a company incorporated in the Cayman Islands with limited liability)*

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**REF Holdings Limited**

*(incorporated in the Cayman Islands with limited liability)*

[REDACTED]

**Number of [REDACTED] : [REDACTED]**

**[REDACTED] Price : Not more than [REDACTED] per**

**[REDACTED]**

**and expected to be not less than**

**[REDACTED]**

**per [REDACTED] (payable in full upon**

**application, plus brokerage fee of 1%,**

**SFC transaction levy of 0.0027% and**

**Stock Exchange trading fee of 0.005%,**

**subject to refund)**

**Nominal Value : HK\$0.01 each**

**Stock Code : [REDACTED]**

**Sole Sponsor, [REDACTED] and [REDACTED]**



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A copy of this document, having attached thereto the documents specified under the paragraph headed “Documents Delivered to the Registrar of Companies in Hong Kong” in Appendix V to this document, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous) 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 document or any other documents referred to above.

**Prior to making an investment decision, prospective investors should carefully consider all the information set out in this document, including the risk factors set out in the section headed “Risk factors” of this document.**

The [REDACTED] Price is currently expected to be fixed by an agreement between our Company and the [REDACTED] (for itself and on behalf of the Underwriters) on the Price Determination Date, which is scheduled on or around [REDACTED] 2015 (Hong Kong time), or such later date or time as may be agreed by the [REDACTED] (for itself and on behalf of the Underwriters) and our Company. The [REDACTED] Price is currently expected to be not more than [REDACTED] per [REDACTED] Share and not less than [REDACTED] per [REDACTED] Share. The [REDACTED] (for itself and on behalf of the Underwriters) may reduce the indicative [REDACTED] Price range stated in this document at any time prior to the Price Determination Date. In such a case, a notice of the reduction of the indicative [REDACTED] Price range will be published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.ref.com.hk](http://www.ref.com.hk). If, for any reason, the [REDACTED] Price is not agreed between our Company and the [REDACTED] (for itself and on behalf of the Underwriters), the [REDACTED] will not become unconditional and will lapse.

Prospective investors of the [REDACTED] should note that the [REDACTED] (for itself and on behalf of the Underwriters) is entitled to terminate their obligations under the Underwriting Agreement by notice in writing to our Company given by the [REDACTED] (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set out under the paragraph headed “Grounds for Termination” under the section headed “Underwriting” of this document, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the [REDACTED] (for itself and on behalf of the Underwriters) terminate their obligations under the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, the [REDACTED] will not proceed and will lapse.

## CHARACTERISTICS OF GEM

*GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.*

*Given the emerging nature of companies listed on GEM, 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](http://www.hkexnews.hk) in order to obtain up-to-date information on GEM-listed issuers.*

**EXPECTED TIMETABLE**

[REDACTED]

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*This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] offered by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction other than Hong Kong or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong.*

*You should rely only on the information contained in this document to make your investment decision.*

*Our Company, the Sole Sponsor, the [REDACTED] and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this document.*

*Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the Underwriters, and any of their respective directors, officers, employees, agents or representatives or any other party involved in the [REDACTED].*

*The contents on the website at [www.ref.com.hk](http://www.ref.com.hk) which is the official website of the Company do not form part of this document.*

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## SUMMARY

*This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [REDACTED].*

*There are risks associated with investment in companies listed on GEM. Some of the particular risks in investing in the [REDACTED] are set out in the section headed "Risk factors" of this document. You should read that section carefully before you decide to invest in the [REDACTED].*

## OVERVIEW

Our Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. We offer to our customers a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution. Our financial printing services cover printing of listing documents, financial reports, compliance documents and other documents. In addition to the core services we offer, we also provided ancillary services such as provision of conference room facilities, which could cater for our customers' different requirements. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our total revenue was approximately HK\$99.1 million, HK\$134.1 million and HK\$20.3 million respectively.

Our services can be broadly categorised into three types, namely printing, translation and media placement. Printing is our mainstream of revenue, representing approximately 68.6%, 67.9% and 62.6% of our total revenue respectively for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015.

The following table sets forth the revenue attributable to each category of services provided during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					(unaudited)			
Printing								
— Listing documents	22,559	22.8	41,291	30.8	7,052	31.0	5,141	25.3
— Financial reports	29,767	30.0	33,775	25.2	3,949	17.4	4,712	23.2
— Compliance documents	13,336	13.5	13,495	10.0	2,527	11.1	2,567	12.6
— Other documents	2,256	2.3	2,526	1.9	639	2.8	312	1.5
	67,918	68.6	91,087	67.9	14,167	62.3	12,732	62.6
Translation	23,664	23.9	28,850	21.5	4,918	21.6	5,015	24.7
Media placement	7,495	7.5	14,195	10.6	3,671	16.1	2,579	12.7
	<u>99,077</u>	<u>100.0</u>	<u>134,132</u>	<u>100.0</u>	<u>22,756</u>	<u>100.0</u>	<u>20,326</u>	<u>100.0</u>

As we were in the stage of development during the Track Record Period, we aim to minimise risks and capital commitment where possible. Accordingly, we developed a business model under which our Group engaged subcontractors for printing and translation, and we mainly focused our resources on areas such as typesetting, proofreading, design and marketing. We managed to experience impressive growth, in the midst of keen competition, during the Track Record Period under this business model. However, in order to maintain our competitiveness in the industry and cope with the anticipated increasing demand for translation services following the implementation of the new sponsor regulation

## SUMMARY

that requires the submission of Chinese version of listing documents to the Stock Exchange for listing application, we plan to reduce our reliance on external translation companies and set up our in-house translation team. Please refer to the paragraph headed “Business strategies” under the section headed “Business” on page 57 of this document for further information on such plan.

### COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our historical success and potential for future growth, namely (i) we have an experienced and capable management team; (ii) we are committed to providing a wide range of convenient and quality financial printing services; (iii) we have strong design capabilities; (iv) we have stable relationships with our subcontractors; and (v) we have maintained a broad customer base.

For details, please refer to the paragraph headed “Competitive strengths” under the section headed “Business” on page 56 of this document.

### BUSINESS STRATEGIES

We aim to strengthen our position as a one-stop financial printing service provider. To achieve this, we intend to focus on (i) setting up an in-house translation team; (ii) enhancing our competitiveness in the financial printing industry through expansion of our workforce, improving our office facilities and upgrading and acquiring more advanced equipment and software; (iii) further strengthening our design capabilities; and (iv) further enhancing our brand awareness and recognition.

For details, please refer to the paragraph headed “Business strategies” under the section headed “Business” on page 57 and the section headed “Future plans and use of proceeds” on page 105 of this document.

### FINANCIAL INFORMATION

The following tables present the summary of our Group’s financial information during the Track Record Period. You should read the following financial information in conjunction with the financial information included in the Accountants’ Report set out in Appendix I to this document, including the notes thereto.

#### Selected items in combined statements of profit or loss and other comprehensive income

	Year ended 31 December		Three months ended	
	2013	2014	31 March	2015
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Revenue	99,077	134,132	22,756	20,326
Cost of services	(52,138)	(65,247)	(12,244)	(10,808)
Gross profit	46,939	68,885	10,512	9,518
Profit before taxation	22,299	31,627	942	4,091
Profit for the year/period	18,469	25,563	275	3,414



## SUMMARY

Our total revenue amounted to approximately HK\$99.1 million, HK\$134.1 million and HK\$20.3 million for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively. Over 60% of our revenue was derived from our printing services for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015.

### Selected items in combined statements of financial position

	As at 31 December		As at
	2013	2014	31 March
	<i>HK\$'000</i>	<i>HK\$'000</i>	2015
			<i>HK\$'000</i>
Current assets	50,078	37,711	34,629
Current liabilities	41,734	28,217	21,517
Net current assets	8,344	9,494	13,112

### Key financial ratios

The following table sets out the key financial ratios for our Group during the Track Record Period:

	As at/Year ended		As at/Three
	31 December		months
	2013	2014	ended
			31 March
			2015
Current ratio	1.2	1.3	1.6
Gearing ratio	195.5%	N/A	N/A
Return on equity	1,801.0%	242.5%	27.2%
Return on total assets	50.7%	56.1%	9.1%

### Current ratio

Our current ratio remained stable at 1.2, 1.3 and 1.6 as at 31 December 2013 and 2014 and 31 March 2015.

### Gearing ratio/Return on equity/Return on total assets

The gearing ratio of 195.5% as at 31 December 2013 is mainly attributable to our external borrowings comprising of amount due to a related company and a shareholder. We did not have any external borrowings as at 31 December 2014 and 31 March 2015. As such, gearing ratio as at 31 December 2014 and 31 March 2015 is not applicable to us. Our return on equity decreased from approximately 1,801.0% for the year ended 31 December 2013 to approximately 242.5% for the year ended 31 December 2014, which was primarily attributable to the increase in our equity as a result of the accumulation of profit during the Track Record Period; and our return on equity further decreased to approximately 27.2% for the three months ended 31 March 2015, which was mainly because only three months' profit was recorded. Our return on total assets increased from 50.7% for the year ended 31 December 2013 to approximately 56.1% for the year ended 31 December 2014, which was primarily

## SUMMARY

attributable to the increase in our profit for the year ended 31 December 2014, while the decrease in return on total asset to approximately 9.1% for the three months ended 31 March 2015 was mainly because only three months’ profit was recorded.

For further details, please refer to the section headed “Financial information” on page 131 of this document.

### MAJOR CUSTOMERS

Our customers can be broadly categorised into: (i) listed companies, which are listed on the Stock Exchange and/or other stock exchanges; and (ii) others, which are private companies (including abolished listing applicants) and individuals.

The table below sets forth a breakdown of the number and the revenue of our customers by categories during the Track Record Period:

	Year ended 31 December						Three months ended 31 March					
	2013			2014			2014			2015		
	Revenue		Number of customers	Revenue		Number of customers	Revenue		Number of customers	Revenue		%
HK\$'000	%	HK\$'000		%	HK\$'000		%	HK\$'000		%		
Listed companies	272	92,203	93.1	268	125,081	93.3	171	20,897	91.8	181	18,421	90.6
Others <i>(Note)</i>	63	6,874	6.9	63	9,051	6.7	23	1,859	8.2	18	1,905	9.4
	<u>335</u>	<u>99,077</u>	<u>100.0</u>	<u>331</u>	<u>134,132</u>	<u>100.0</u>	<u>194</u>	<u>22,756</u>	<u>100.0</u>	<u>199</u>	<u>20,326</u>	<u>100.0</u>

*Note:* Comprising of private companies (including abolished listing applicants) and individuals

For further details, please refer to the paragraph headed “Customers” under the section headed “Business” on page 71 of this document.

### SUBCONTRACTING ARRANGEMENT

Having considered the large investment requirement in printing machinery and the relatively higher operation costs associated with running printing facilities and maintaining an in-house translation team, our Group decided to focus our resources on areas such as typesetting, proofreading, design and marketing and therefore subcontracted all the printing work and translation work to printing factories and translation companies respectively on a project-by-project basis during the Track Record Period. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, we engaged approximately 11, 13 and 13 small and medium-scale printing factories respectively and approximately 14, 15 and 14 translation companies respectively.

However, as mentioned above, we plan to set up our in-house translation team and will reduce our reliance on external translation companies in the future. For details, please refer to the paragraph headed “Business strategies” under the section headed “Business” on page 57 of this document.

### SHAREHOLDERS

Upon completion of the [REDACTED] and the [REDACTED] (but without taking into account the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme), the Controlling Shareholders will hold [REDACTED] Shares (representing [REDACTED] of the enlarged issued share capital of the Company).

## SUMMARY

For further details, please refer to the section headed “Relationship with the Controlling Shareholders” on page 99 of this document.

### RELATIONSHIP WITH FINLANG

During the Track Record Period, Finlang was our largest subcontractor for translation services. Our subcontracting fee charged by Finlang amounted to approximately HK\$6.8 million, HK\$7.2 million and HK\$1.7 million respectively, representing approximately 42.9%, 36.6% and 50.9% of our total fee incurred for translation services for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively.

The turnover days of trade payables due to Finlang decreased from 140 days for the year ended 31 December 2013 to 116 days for the year ended 31 December 2014, and further decreased to 76 days for the three months ended 31 March 2015 as a result of change of the credit term offered by Finlang to our Group from repayable on demand to 60 days, which is in line with the credit terms offered by other translation companies.

Finlang was owned as to 55% by Gold Senses which was wholly-owned by Jumbo Ace, our Controlling Shareholder, prior to the disposal of Gold Senses by Jumbo Ace on 30 December 2014. For further details of our relationship with Finlang and the relationship between our Controlling Shareholders, Gold Senses and Finlang, please refer to the paragraph headed “Subcontracting arrangement — Translation companies — Relationship with Finlang” under the section headed “Business” on page 79 and the paragraph headed “Relationship with Gold Senses and Finlang” under the section headed “Relationship with the Controlling Shareholders” on page 99 of this document.

### RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Our revenue and cost structure have remained unchanged since 31 March 2015. Based on our Group’s unaudited management accounts, our revenue increased from approximately HK\$43.6 million for the four months ended 30 April 2014 to approximately HK\$44.5 million for the four months ended 30 April 2015. The unaudited gross profit of our Group increased from approximately HK\$21.1 million for the four months ended 30 April 2014 to approximately HK\$22.2 million for the four months ended 30 April 2015. Both improvement in revenue and the gross profit was mainly attributable to increase in revenue from printing of approximately HK\$1.0 million for the four months ended 30 April 2015.

Regarding the revenue structure, printing, translation and media placement represented approximately 69.6%, 23.3% and 7.1% of the unaudited revenue for the four months ended 30 April 2015, which were similar to the revenue structure for the four months ended 30 April 2014, with printing, translation and media placement representing approximately 68.7%, 21.7% and 9.6% of the revenue respectively.

The major components of the cost of services remained as (i) printing cost, (ii) translation cost and (iii) direct labour cost, which accounted for approximately 35.7%, 31.2% and 25.1% of the cost of services for the four months ended 30 April 2015, which are similar to the structure of the cost of service for the four months ended 30 April 2014, with printing, translation and direct labour representing approximately 36.4%, 28.5% and 22.2% of the cost of services respectively.

## SUMMARY

The financial information disclosed above is extracted from the unaudited combined financial statements for the four months ended 30 April 2014 and 2015 prepared by our Directors in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, which are unaudited but have been reviewed by our reporting accountants in accordance with the Hong Kong Standards on Review Engagements 2410 “Review on Interim Financial Information performed by the Independent Auditor of the Entity”.

Our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that, as at the Latest Practicable Date, there has been no material adverse change in our financial position or prospects since 31 March 2015, being the date of our last audited financial statement as set out in Appendix I on page I-1 to this document, and up to the date of this document. As far as we are aware, there was no material change in the general conditions in the financial printing market in Hong Kong that had affected or would affect our business operations or financial conditions materially or adversely.

### LISTING EXPENSES

The estimated listing expenses, which are non-recurrent in nature, are approximately [REDACTED] of which (i) approximately [REDACTED] for the issue of new Shares is expected to be accounted for as a deduction from equity; and (ii) approximately [REDACTED] has been or will be charged to our Group’s profit and loss account prior to or upon completion of the Listing. Up to 31 March 2015, we have incurred listing expenses of approximately [REDACTED]. It is expected that an amount of approximately [REDACTED] will be charged to our Group’s profit and loss account for the year ending 31 December 2015. Our Directors would like to emphasise that the listing expenses above are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 December 2015 would be materially and adversely affected by the estimated listing expenses mentioned above.

### DIVIDEND

During the year ended 31 December 2014, our Group declared a special dividend of HK\$25.0 million. The declared dividend has been fully settled in cash from internal resources of our Group. The declaration of future dividends will be subject to our Directors’ decision and will depend on, among other things, our results of operations, financial condition, cash requirements and availability, and any other factors that our Directors may consider relevant. Any final dividend for a financial year will be subject to our Shareholders’ approval. We do not have any pre-determined dividend distribution ratio. Potential investors should note that dividend payments in the past should not be regarded as an indication of future dividend policy. No assurance can be given that dividends will be paid in the future.

## SUMMARY

### NON-COMPLIANCE MATTERS

A summary of our Group's non-compliance matters during the Track Record Period and up to the Latest Practicable Date is set out below:

Relevant laws of Hong Kong	Particulars of the non-compliance	Cause and reason(s) for non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status
Section 111 of the Predecessor Companies Ordinance	<ol style="list-style-type: none"> <li>1. REF Holdings (HK) failed to convene valid AGMs in 2012 and 2013.</li> <li>2. REF Financial failed to convene a valid AGM in 2013.</li> </ol>	<p>During the relevant period, we were not familiar with the specific requirements under the Predecessor Companies Ordinance and did not have a company secretarial department with relevant working experience to handle company secretarial matters and to ensure compliance with the Predecessor Companies Ordinance.</p>	<p>The non-compliant company and the responsible officer who failed to hold an AGM at all or in the prescribed manner as required by section 111 of the Predecessor Companies Ordinance may be fined up to HK\$50,000.</p>	<p>We had applied to the Court of First Instance of the High Court of Hong Kong on 6 February 2014 for orders to rectify such non-compliances. On 3 April 2014, orders were granted by the High Court of Hong Kong to rectify the non-compliances. Pursuant to the Court orders, the extraordinary general meeting of REF Holdings (HK) held on 6 January 2014 ("REF Holdings (HK) EGM") be deemed to be (or in substitution of) the annual general meetings of REF Holdings (HK) for the year 2012 and 2013 and the extraordinary general meeting of REF Financial held on 23 November 2013 ("REF Financial EGM") be deemed to be (or in substitution of) the annual general meeting of REF Financial for the year 2013.</p>
Section 122 of the Predecessor Companies Ordinance	<ol style="list-style-type: none"> <li>1. REF Holdings (HK) failed to lay its audited accounts at its AGMs with respect to the financial period from 28 April 2010 to 31 December 2010 and the financial years ended 31 December 2011 and 2012.</li> <li>2. REF Financial failed to lay its audited accounts at its AGM with respect to the financial year ended 31 December 2012.</li> </ol>	<p>During the relevant period, we were not familiar with the specific requirements under the Predecessor Companies Ordinance and did not have a company secretarial department with relevant working experience to handle company secretarial matters and to ensure compliance with the Predecessor Companies Ordinance.</p>	<p>A director of the non-compliant company who failed to comply with section 122 of the Predecessor Companies Ordinance may face a maximum sentence of 12 months imprisonment and fined up to HK\$300,000.</p>	<p>We had applied to the Court of First Instance of the High Court of Hong Kong on 6 February 2014 for orders to rectify such non-compliances. On 3 April 2014, orders were granted by the High Court of Hong Kong to rectify the non-compliances. Pursuant to the Court orders, the requirements under section 122 of the Predecessor Companies Ordinance was substituted by the laying of the relevant accounts of REF Holdings (HK) and REF Financial, respectively at the date of the REF Holdings (HK) EGM and the REF Financial EGM, respectively.</p>

## SUMMARY

In order to prevent future breach and to ensure ongoing compliance of the above non-compliance matters, we have adopted the following key measures:

- (i) our Group established the Compliance Committee; the main roles of the Compliance Committee include: to maintain and approve the compliance system of our Group; to support and provide instruction to ensure that each department to establish, execute and maintain its compliance system; to delegate the day-to-day implementation and monitoring of compliance system to our compliance officer and company secretary.
- (ii) our Group has designated Ms. Kwok to be our compliance officer. Ms. Kwok will report to the Compliance Committee in the future in the event of any non-compliance with the Companies (Winding Up and Miscellaneous) Ordinance and the Companies Ordinance. Upon receipt of any queries or reports on compliance matters, Ms. Kwok will look into the matter and, if appropriate, seek advice from external professionals and report to the Compliance Committee.
- (iii) our Group has designated Mr. Ko to be our company secretary. Mr. Ko will be responsible for keeping the filing register up to date on a monthly basis for all subsidiaries to ensure ongoing compliance.
- (iv) in preparation for the Listing, we engaged an internal control consultant in December 2013 to review our Group's internal control systems and procedures and to assist the Sole Sponsor in assessing the adequacy of the internal controls of our Group for amongst others, compliance with relevant legal and regulatory requirements. As advised by our Company's internal control consultant, it performed follow-up reviews during the period from 29 January 2014 to 3 March 2014 and from 5 May 2015 to 22 May 2015. In the course of its follow-up reviews, the internal control consultant (i) conducted interviews with the designated responsible personnel and examined relevant documents to ascertain our Group's internal control procedures were implemented; (ii) examined our Group's written policy and procedures which stated on its internal control manual to prevent any internal control deficiencies; (iii) examined the relevant documents to ensure, the internal control deficiencies have been rectified and addressed. Based on such follow-up reviews, the internal control consultant concluded that our Group has established and implemented adequate and sufficient internal control policies and procedures except for the corporate governance policies and the policies for connected transactions, notifiable transactions and inside information, for which our Group has adopted the proper written policies, but implementation of which will be upon Listing.
- (v) before the start of every financial year, our financial controller will prepare a regulatory filing calendar for each of our Group companies, setting out the dates to prepare and file (if applicable) (i) audited financial statements; (ii) tax return; (iii) any annual return; and (iv) annual general meeting agenda and minutes. Such regulatory filing calendar will be approved by a director of the respective group subsidiary (or the Compliance Committee after the Listing). The financial controller shall review the regulatory filing calendar quarterly to consider any necessary changes.

## SUMMARY

Our Directors confirm that our Group has not received any penalty notice or been subject to any penalty or charge for the breach of sections 111 or 122 of the Predecessor Companies Ordinance during the Track Record Period and up to the Latest Practicable Date.

Our Directors, after carrying out enquiries on the facts and circumstances leading to the non-compliances, have considered that the non-compliances have no material financial and operational impact on our Group. Please refer to the paragraph headed “Non-compliance matters” in the section headed “Business” on page 93 of this document for further details.

### USE OF PROCEEDS

Our Directors believe that the [REDACTED] will enhance our Group’s reputation and capital base and provide our Group with additional working capital to implement the future plans set out in the section headed “Future plans and use of proceeds” on page 105 of this document. Furthermore, a public listing status on the Stock Exchange will facilitate our sales and marketing activities including cold calls, help to further differentiate our brand from the other players in the financial printing industry and enhance the confidence of our customers in us. Our Group can also access to capital markets for corporate finance exercise to assist future business development and strengthen our competitiveness. On operational level, the Listing will also strengthen our corporate governance practice.

We estimate that the aggregate net proceeds of the [REDACTED] (after deducting underwriting fees and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] Price of [REDACTED] per [REDACTED] Share, being the mid-point of the indicative [REDACTED] Price range of [REDACTED] to [REDACTED] per [REDACTED] Share) will be approximately [REDACTED]. We currently intend to apply such net proceeds in the following manner:

- approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for setting up an in-house translation team, among which approximately [REDACTED] (or approximately [REDACTED] of the estimated net proceeds) for setting up and renting an office for the team and approximately [REDACTED] (or approximately [REDACTED] of the estimated net proceeds) for recruitment of translators and other related expenses;
- approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for enhancing our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software;
- approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for strengthen our design capabilities;
- the remaining of the proceeds of approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds will be applied as general working capital and other general corporate purposes of the Group.

To the extent the net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

Please refer to the section headed “Future plans and use of proceeds” on page 105 of this document for further information on our use of net proceeds of the [REDACTED].

## SUMMARY

### RISK FACTORS

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (a) risks relating to our business; (b) risks relating to our industry; and (c) risks relating to the [REDACTED]. We believe the followings are some of the major risks that may have a material adverse effect on us:

- Our Group in general does not enter into long-term agreements with our customers, and we may not maintain our relationship with our existing customers or attract new customers, which exposes us to potential uncertainty with respect to our revenue from time to time
- Our revenue may fluctuate from period to period due to variations in types of services required by our customers and the timing of completion of our projects
- We relies on our subcontractors for printing and translation services and their performance may affect the quality of our overall services to customers
- We may be adversely affected by changes in the rules and regulations governing the companies listed on the Stock Exchange

You should carefully consider the risk factors set out in this document before making a decision to invest in the Shares. Please refer to the section headed “Risk factors” on page 20 of this document for further details.

### [REDACTED] STATISTICS

	<b>Based on the [REDACTED] Price of [REDACTED] per Share</b>	<b>Based on the [REDACTED] Price of [REDACTED] per Share</b>
Market capitalisation ( <i>Note 1</i> )	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted combined net tangible assets per Share ( <i>Note 2</i> )	[REDACTED]	[REDACTED]

*Notes:*

1. The number of [REDACTED] and the calculation of the market capitalisation of the Shares are based on the enlarged issued capital of [REDACTED] Shares, being the aggregate number of Shares in issue as at the date of this document and the number of Shares to be issued pursuant to the [REDACTED] and the [REDACTED].
2. The unaudited pro forma adjusted net tangible asset per Share is determined after the adjustments as described in notes 1 to 4 as set out in Appendix II “Unaudited Pro Forma Financial Information” to this document.



## DEFINITIONS

*In this document, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisition”	the acquisition by Mr. Lau on 30 December 2013 of all the shares in Jumbo Ace held by Jade Basic
“AGM”	the annual general meeting
“Articles” or “Articles of Association”	the amended and restated articles of association of the Company adopted on [REDACTED] 2015, a summary of which is set out in Appendix III to this document, and as amended from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	an acronym for compound annual growth rate
“[REDACTED]”	the allotment and issue of [REDACTED] Shares upon capitalisation of an amount of [REDACTED] standing to the credit of the share premium account of the Company as referred to under the paragraph headed “Resolutions in writing of the Sole Shareholder passed on [REDACTED] 2015” in Appendix IV to this document
“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

## DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	Peoples’ Republic of China, but for the purpose of this document only and except where the context requires otherwise, references in this document to “China” or “PRC” do not include Hong Kong, the Macau Special Administrative Region and Taiwan
“CLC International”, “Sole Sponsor”, “[REDACTED]” or “[REDACTED]”	CLC International Limited, a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO, acting as the sole sponsor, [[REDACTED]] and [[REDACTED]] to the Listing
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous) 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
“Company”	REF Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 5 February 2014
“Compliance Committee”	the compliance committee of the Board
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	the controlling shareholder(s) (having the meaning ascribed to it under the GEM Listing Rules) of the Company, namely, Jumbo Ace, Rising Luck and Mr. Lau
“Director(s)”	the director(s) of our Company
“Dragon Century”	Dragon Century Management Limited (龍盛管理有限公司), a company incorporated in the BVI on 9 September 2010 and wholly-owned by Ms. Lee Yuen Yi, an Independent Third Party

## DEFINITIONS

“Finlang”	Finlang Translation Services Limited (文軒翻譯服務有限公司), a company incorporated in Hong Kong on 2 November 2010 and owned as to 55% by Gold Senses, 35% by Ms. Shum Tsz Ying, Vien, an Independent Third Party and 10% by Mr. Ma Wing Hong, Eric, an Independent Third Party
“Finlang Service Agreement”	the service agreement dated 11 March 2014 entered into between our Group and Finlang in respect of the provision of translation and related services by Finlang to our Group
“Gain Win”	Gain Win Enterprises Limited (凱達企業有限公司), a company incorporated in the BVI on 7 January 2008 and wholly-owned by Ms. Cheung Ho Yuk Ying, an Independent Third Party
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Gold Senses”	Gold Senses Limited, a company incorporated in the BVI on 18 August 2010 and an Independent Third Party
“Group”	our Company together with its subsidiaries and in respect of the period before our Company became the holding company of its present subsidiaries, the companies that are the present subsidiaries of our Company
“HK\$” or “HK dollar(s)” or “HKD” and “cent(s)”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HK Legal Advisers”	Robertsons Solicitors, the legal advisers to the Company as to Hong Kong Laws
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party or parties that is or are independent of and not connected with (within the meaning of the GEM Listing Rules) our Company and connected persons of our Company within the meaning of the GEM Listing Rules

## DEFINITIONS

"IPO(s)"	initial public offering(s)
"Ipsos"	Ipsos Hong Kong Limited, a market research and consulting company, which is an Independent Third Party
"Ipsos Report"	an industry report prepared by Ipsos, dated [17 June] 2015 commissioned by our Company
"Jade Basic"	Jade Basic Limited, a company incorporated in the BVI on 7 July 2008 and wholly-owned by Ms. Wong Shun Mung, an Independent Third Party
"Jumbo Ace"	Jumbo Ace Enterprises Limited, a company incorporated in the BVI with liability limited by shares on 18 August 2010 and owned as to 80% by Rising Luck and 20% by the Other Shareholders prior to the Acquisition and 80% by Rising Luck, 5% by Mr. Lau and 15% by the Other Shareholders (as to 5% each) but excluding Jade Basic after the Acquisition
"Latest Practicable Date"	[REDACTED] 2015, being the latest practicable date for ascertaining certain information prior to the printing of this document
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date on which dealings in the Shares on GEM first commence, which is expected to be on or about [REDACTED] 2015
"Listing Division"	the listing division of the Stock Exchange (with responsibility for GEM)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with GEM
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company adopted on [REDACTED] 2015, a summary of which is set out in Appendix III to this document, and as amended from time to time
"Mr. Cheung"	Mr. Cheung Ting Kee, a shareholder of Jumbo Ace, an Independent Third Party
"Mr. Ko"	Mr. Ko Wai Lun Warren, our company secretary

## DEFINITIONS

“Mr. Lau”	Mr. Lau Man Tak, our chairman, non-executive Director and Controlling Shareholder
“Ms. Chiu”	Ms. Chiu Hok Yu, our executive Director
“Ms. Kong”	Ms. Kong Yee Ching Ellen, an indirect shareholder of the Company
“Ms. Kwok”	Ms. Kwok Kam Lai, our executive Director, financial controller and compliance officer
“Nomination Committee”	the nomination committee of the Board
“Occupational Safety and Health Ordinance”	the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Other Shareholders”	the other shareholders of Jumbo Ace being collectively, Mr. Cheung, Dragon Century, Gain Win and Jade Basic, all being Independent Third Parties (save for their respective shareholding interest in Jumbo Ace)
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Price Determination Date”	[REDACTED] 2015, being the date on which the [REDACTED] Price will be fixed for the purpose of the [REDACTED]
“REF Financial”	REF Financial Press Limited (緯豐財經印刷有限公司), a company incorporated in Hong Kong with limited liability on 28 April 2010 and wholly-owned by REF Holdings (HK)

## DEFINITIONS

“REF Holdings (HK)”	REF Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability on 28 April 2010 and a direct wholly-owned subsidiary of our Company
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of the Group in preparation for Listing as more particularly described in the paragraph headed “The reorganisation” under the section headed “History, reorganisation and corporate structure” of this document
“Rising Luck”	Rising Luck Management Limited (福陞管理有限公司), a company incorporated in the BVI with liability limited by shares on 1 July 2010 and owned as to 76.25% by Mr. Lau and 23.75% by Ms. Kong
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution passed by the sole Shareholder on [REDACTED] 2015, the principal terms of which are summarised in the section headed “Share Option Scheme” in Appendix IV to this document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	substantial shareholder(s) of the Company having the meaning ascribed to it in the GEM Listing Rules and in the context of our Company means Jumbo Ace, Rising Luck and Mr. Lau
“Track Record Period”	the two years ended 31 December 2013 and 2014 and the three months ended 31 March 2015
“Underwriters”	the underwriters of the [REDACTED] named in the paragraph headed “Underwriters” in the section headed “Underwriting” of this document

## DEFINITIONS

“Underwriting Agreement” the conditional underwriting agreement dated [REDACTED] 2015 and entered into between our Company, the executive Directors, the [REDACTED], the [REDACTED] and the Underwriters relating to the [REDACTED], particulars of which are set out in the section headed “Underwriting” of this document

“USD” or “US dollars” United States dollars, the lawful currency of the United States

“%” per cent.

*Unless otherwise specified, for the purpose of this Document, amounts denominated in USD are translated into HK\$ at the rate of HK\$7.78 = USD1.00.*

*These exchange rates are for the purpose of illustration only and no representation is made that any amounts in USD have been, would have been or may be converted, at these or any other rates or at all.*

*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names in Chinese which are marked with “\*” and the Chinese translation of names in English which are marked with “\*” is for identification purpose only.*

## FORWARD-LOOKING STATEMENTS

Our Company has included in this document forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed “Summary”, “Risk factors”, “Industry overview”, “Business”, and “Financial information”, which are, by their nature, subject to risks and uncertainties.

In some cases, our Company uses the words “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would”, “consider”, “estimate”, “going forward” and similar expressions or statements and the negative of these words to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies, plans of operations and our operation and business prospect;
- our capital expenditure and funding plans;
- projects under planning;
- general economic conditions;
- capital market development;
- the trends of industry and technology;
- the future developments and competitive environment in our industry;
- our financial condition;
- certain statements in “Financial information” with respect to trends in prices, volumes, operations;
- margins, overall market trends, risk management and exchange rates;
- the regulatory environment for the financial printing industry in general; and
- other statements in this document that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of our Company. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed “Risk factors” and elsewhere in this document.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Subject to the requirements of the GEM Listing Rules, our Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future



## **FORWARD-LOOKING STATEMENTS**

events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of our Company. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

## RISK FACTORS

*Potential investors of the [REDACTED] should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations associated with an investment in the [REDACTED] before making any investment decision in relation to the [REDACTED]. If any of the possible events described below occur, the business operation, financial condition or results of operations of our Group could be materially and adversely affected and the market price of the Shares could fall significantly, and you may lose all or part of your investment.*

### RISKS RELATING TO OUR BUSINESS

**Our Group in general does not enter into long-term agreements with our customers, and we may not maintain our relationship with our existing customers or attract new customers, which exposes us to potential uncertainty with respect to our revenue from time to time**

We, in general, do not enter into any long-term agreements with our customers and our sales are concluded on a project-by-project basis. There is no assurance that any of our customers will continue to choose us as their financial printing service providers in the future. Further, our success is partly attributable to our ability to maintain our existing customers and attract new customers, which depends on a variety of factors such as the effectiveness of our marketing strategies. There is no assurance that we will be able to do so. Therefore, our results of operations may fluctuate significantly in the future.

**Our revenue may fluctuate from period to period due to variations in types of services required by our customers and the timing of completion of our projects**

Our revenue may vary from period to period depending upon the types of services required by our customers. In addition, the progress of our projects, especially for those in relation to listing documents and compliance documents, are subject to various factors such as the clearance from the respective regulators, which are out of our control and will affect our cash flows generated from operations. Any delays in the completion of our projects may defer payments from our customers, and hence, adversely affect our cash flows and results of operations. If the projects cannot be completed after a substantial amount of time and costs have been incurred by our Group, our results of operations and financial position may be adversely affected.

**We may not be able to sustain the rapid business growth that our Group has experienced during the Track Record Period**

Our Group has been expanding the business rapidly. Our revenue increased from approximately HK\$99.1 million for the year ended 31 December 2013 to approximately HK\$134.1 million for the year ended 31 December 2014, representing a growth rate of approximately 35.3%. Our Group needs to manage the growth effectively, which may entail devising and implementing business plans effectively, training and managing the growing workforce, managing the costs and implementing adequate control and reporting systems in a timely manner. There is no assurance that our Group will be able to maintain such rapid business growth in the future.

## **RISK FACTORS**

### **We have a limited operating history and our future plans may not be viable**

We commenced our operation in January 2011. As we have a short operating history, our experience may not be long enough to be made references to when formulating our future plans and our business may be subject to various uncertainties which are unknown, unexpected or not experienced by us. If such uncertainties occur and we are unable to cope with them, our business and operation may be adversely affected. In addition, our future plans and business objectives largely focus on the anticipated development of the equity market in Hong Kong. If there is any significant unfavourable change in the economy of Hong Kong which in turn affects the equity market in Hong Kong or the actual development of the equity market in Hong Kong is significantly deviated from our expectation, it may adversely affect the implementation of our future plans and business objectives, affecting our prospects.

### **We relies on our subcontractors for printing and translation services and their performance may affect the quality of our overall services to customers**

Our Group did not have any printing facilities and translation team during the Track Record Period and subcontracted the printing work to printing factories and translation work to translation companies as subcontractors on a project-by-project basis. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our total subcontracting fees for printing and translation services represented approximately 63.5%, 60.5% and 51.7%, respectively, of the total costs of services provided by our Group. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our largest subcontractor, Finlang, accounted for approximately 20.5%, 18.2% and 29.6%, respectively, of our total subcontracting fees for printing and translation services.

In order to comply with the relevant rules and regulations, our customers generally require us to deliver our financial printing services in a tight schedule. If our subcontractors fail to deliver their printing work and/or translation services within the time required, there will not be sufficient time for us to engage another subcontractor or redo the project. In that case, we may not be able to deliver our services to our customer promptly, adversely affecting our reputation, business and results of operations.

### **Our Group in general does not enter into long-term agreements with our subcontractors for printing and translation services, which may result in our failure to deliver our services to customers**

Save for the Finlang Service Agreement, details of which are set out in the paragraph headed "Subcontracting Arrangement" under the section headed "Business" of this document, our Group has not entered into any long-term agreement with our subcontractors for the printing and translation services. As a result, there is no assurance that these subcontractors will continue to provide services to us or will not increase their fees in the future. In the event that (i) these subcontractors are not available to provide the required services to our Group; or (ii) there is any substantial increase in the printing and translation fees, and replacement cannot be found, we may not be able to deliver our services to our customers promptly, adversely affecting our reputation, business and results of operations.

## **RISK FACTORS**

### **Our success depends on key management personnel**

Our success is largely attributable to the continued commitment and contribution of our executive Directors and other senior management team members. Their extensive knowledge and experience in the financial printing industry, as well as their established relationships with our customers have played a major role in our attainments. There are no assurances that our Group will be able to retain these key personnel, and the loss of any of them without suitable and timely replacements, or the inability to attract and retain qualified personnel may adversely affect our business, results of operations, financial position and prospects.

### **We may not be able to implement all or any of our business plans successfully**

Our Group has set out its future plans in order to achieve its business objectives under the section headed “Future plans and use of proceeds” of this document. The future plans are developed based on a number of assumptions, forecasts, and commitments of our Group. Due to circumstances beyond our Group’s control, including many of the other risks as set out in this section headed “Risk factors” of this document, or for reasons that may render the assumptions and forecasts inoperable, there is no assurance that all or any of the future plans may be successfully implemented.

### **We rely on market recognition of our brand and face the risks associated with negative publicity**

We believe that the continued growth and success of our Group rest partly with our ability to protect and enhance the value of our brand. We operate and maintain our website for sales and marketing purposes. For further details, please refer to the paragraph headed “Sales and marketing” under the section headed “Business” of this document.

There is no assurance that we will continue to be successful in maintaining our brand awareness. In the event that there are incidents or publications resulting in adverse publicity against us or our brand, our market recognition and reputation may deteriorate, thereby materially and adversely affecting our business, results of operations and prospects.

### **We face possible infringement of our intellectual property rights**

Our success depends to a certain extent on our ability to maintain an image for our website and trademark as well as our ability to defend ourselves against potential infringement claims by any third party. We use our best endeavours to protect our intellectual property rights. There is no assurance that our measures are adequate or that we will always be able to identify cases of infringement such as unauthorised use of our trademarks by our suppliers (including our subcontractors), customers, competitors or any other third parties. We may face considerable difficulties and time consuming and costly litigation in order to enforce our intellectual property rights. Accordingly, any case of such infringements may result in a decrease in our revenue, an erosion of our brand image and reputation, thereby materially and adversely affecting our results of operations and reputation.

## **RISK FACTORS**

### **Any unexpected and prolonged disruption of our single operational facility could adversely affect our business**

Our Group’s principal place of business is located at our leased property situated in the central district of Hong Kong. In the event that there is any unexpected and prolonged disruption of usage of or access to the premises, such as fire or power failures, and we cannot relocate to another suitable location promptly with well-equipped facilities, the normal operation of our Group and thus our business, results of operations and financial position will be adversely affected.

### **We currently do not own the property on which we carry out our business, and we are exposed to the risks associated with the commercial real estate rental market**

Rental expenses accounted for approximately 9.2%, 8.0% and 13.2%, respectively, of our total revenue for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015. As at the Latest Practicable Date, the property occupied by us for our office and business purposes was leased from an Independent Third Party. The terms of the respective tenancy agreement is three years expiring on 31 October 2016. Accordingly, we are susceptible to the rental fluctuation from time to time. In the event that there is any significant increase in the rental expenses for our existing leased property, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

In addition, there is no assurance that we will successfully renew the tenancy agreements for the relevant premises on commercially acceptable terms, or at all. There is also no assurance that such tenancy agreements will not be terminated before its expiration. Termination of our leases may occur beyond our control, such as breaches of agreements by the lessor of the premises. In such cases, we may need to relocate to another location and additional costs would be incurred, adversely affecting our results of operations.

### **There can be no assurance that we will declare dividends in the future**

During the year ended 31 December 2014, our Group declared a special dividend of HK\$25.0 million. The declared dividend has been fully settled in cash from internal resources of our Group. After Listing, any future dividend declaration and distribution by us will be at the discretion of our Directors and will depend upon our financial results, Shareholders’ interest, general business conditions, strategies and future expansion needs, our capital requirements, possible effects on liquidity and financial position of our Company and such other factors as our Board may consider relevant. For further details of our dividend policy, please refer to the paragraph headed “Dividend Policy” under the section headed “Financial Information” of this document. Potential investors should note the dividend payment in the past should not be regarded as an indication of future dividend policy. No assurance can be given that dividends will be paid in the future.

### **Our financial results are expected to be affected by the expenses in relation to the Listing**

Our financial results for the year ending 31 December 2015 will be affected by the non-recurring expenses in relation to the Listing. The estimated total expenses in relation to the Listing to be borne by us is approximately [REDACTED] (assuming the [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] Price range), of which (i) approximately [REDACTED] is directly attributable to the issue of new Shares to the public and is to be accounted for

## RISK FACTORS

as a deduction from equity; and (ii) approximately [REDACTED] has been or will be charged to our Group's profit or loss account prior to or upon completion of the Listing. Up to 31 March 2015, we have incurred listing expenses of approximately [REDACTED]. It is expected that an amount of approximately [REDACTED] will be charged to our Group's profit and loss account for the year ending 31 December 2015.

Our Directors would like to emphasise that the listing expenses above are the current estimate for reference only and the actual amount to be recognised as expense for the year ending 31 December 2015 is subject to adjustments based on audit and the then changes in variables and assumptions. Accordingly, our Shareholders and potential investors should be informed that the results of operations of our Group for the year ending 31 December 2015 will be materially and adversely affected by the expenses expected to be recognised in our Group's profit or loss in relation to the Listing, which are estimated to amount to approximately [REDACTED].

### **Our revenue are subject to seasonality**

Our business has experienced seasonality, which may affect our revenue. Historically, peak season for our Group generally falls in March, April, June and July. Our Directors believe that such seasonal pattern was mainly attributable to the Listing Rules and the GEM Listing Rules requirement, pursuant to which companies listed on the Main Board and on the GEM are required to publish their annual reports not later than 4 months and 3 months respectively after the end of that financial period. Any reduction in the revenue during the peak season may have an adverse material impact on our overall revenue and financial performance. We may be exposed to risks associated with such seasonal factors. Furthermore, our business, financial condition and results of operations may be adversely affected if our operation is disrupted or affected by unpredictable events taking place during the peak season.

### **The delivery of our printed documents was usually carried out by printing factories and courier companies and we may not have maintained adequate insurance to cover claim for loss or damage to our printed documents during delivery**

During the Track Record Period, the delivery of our printed documents was usually carried out by the printing factories and courier companies which are responsible for any loss or damage to the printed documents during delivery, and we do not maintain insurance for that. There is no assurance that the printing factories and courier companies have sufficient insurance coverage for our printed documents delivered by them, if at all. In addition, our customers may bring liability claims against us if there is loss or damage to our printed documents during delivery or damages incurred from untimely delivery. Any such claims, regardless of whether they are ultimately successful, may cause us to incur litigation costs, harm our business reputation and disrupt our operations. If any such claims are ultimately successful, we may be required to pay substantial damages, materially and adversely affecting our business, results of operation and financial condition.

## **RISK FACTORS**

### **We are subject to the risk of system failure caused by unexpected network interruptions, security breaches, attack by hackers or computer virus, and business interruption due to natural or man-made disasters**

Our business operation depends significantly on the reliability of our information technology infrastructure. There is no assurance that we will successfully and continuously maintain the satisfactory performance, reliability, security and availability of our information technology infrastructure. Such failure may be caused by unexpected network interruptions, security breaches, attacked by hackers or computer virus.

Further, our operation may also be interrupted if any of our offices or information technology infrastructure suspends operations due to the occurrence of events such as fires, floods, hardware and software failures, power loss, telecommunication failure, terrorist attacks or other natural or man-made disasters.

If any of the events mentioned above occurs, our business operation may be disrupted for an indefinite period of time, thereby damaging our reputation and materially and adversely affecting our business.

### **We have records of non-compliance with the Predecessor Companies Ordinance**

During the Track Record Period, we had records of non-compliance with the Predecessor Companies Ordinance, which are (i) the failure to convene a valid AGM within 15 months of the previous AGM of our Group’s member under section 111 of the Predecessor Companies Ordinance; and (ii) the failure to lay the audited accounts at the respective AGM of our Group’s members within the prescribed time limit under section 122 of the Predecessor Companies Ordinance. For details, please refer to the paragraph headed “Non-compliance matters” under the section headed “Business” of this document.

If the Hong Kong government takes action against our Group members and/or our Controlling Shareholders fail to indemnify us to a sufficient extent or at all, we may be required to pay certain penalties for the aforementioned non-compliance incidents. In these circumstances, if we are required to make significant penalty payments, our reputation, cash flow, results of operations and financial position may be adversely affected.

### **Our Group may be adversely affected by the losses or liabilities arising from misstatement or leakage of confidential information in respect of documents handled by us**

Our Group has routinely handled important, confidential and price-sensitive information of our customers. Our Group has adopted stringent procedures for all our employees to ensure strict adherence of confidentiality of our customers and to protect the integrity and confidentiality of the information that our Group handles. There is no assurance that the procedures can completely eliminate misstatement or leakage of confidential information of our customers. If our Group experiences any misstatement or leakage of confidential information of our customers, our Group might be exposed to liabilities, such as complaints or claims, which may have adverse impact on our financial position and reputation.

## **RISK FACTORS**

### **RISKS RELATING TO OUR INDUSTRY**

#### **We may be adversely affected by changes in the rules and regulations governing the companies listed on the Stock Exchange**

During the Track Record Period, our customers were mainly companies listed on the Stock Exchange, which are subject to the compliance of all the applicable laws and regulations, including but not limited to, the Listing Rules and the GEM Listing Rules. Any change in Hong Kong rules and regulations such as the implementation of new requirement for companies to list on the Stock Exchange, or the abolishment of or amendment to disclosure requirements imposed on listed companies, may adversely affect the demand for our services, which may in turn materially and adversely affect our business, results of operations and financial position.

In addition, in accordance with the Listing Rules and the GEM Listing Rules, listed companies are required to disseminate corporate information to the public by way of announcements, circulars and financial reports and in the case of IPOs, companies are required to issue printed listing documents to the public.

In addition, pursuant to the joint consultation conclusions published by SFC and the Stock Exchange on 26 November 2010, issuers of equity securities and debentures are allowed to issue paper application forms in public offers without being accompanied by paper listing documents if they comply with the conditions in a class exemption under the Companies Ordinance. The related rule amendments came into effect on 1 February 2011.

Accordingly, any further amendments to the existing laws and regulations governing the companies listed on the Stock Exchange, if introduced, on the methods to disseminate corporation information to the public, may affect the demand of printed documents, and hence adversely affect our business, results of operations and financial position.

#### **Hong Kong is our principal market and our business is susceptible to any material deterioration in the economic, political and regulatory environment in Hong Kong**

Most of our operations are currently located in Hong Kong and all of our sales were generated in Hong Kong during the Track Record Period. We expect that Hong Kong will continue to be our principal market and place of operation. Accordingly, if Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, results of operations and prospects would be materially and adversely affected. In addition, we have no business presence in overseas jurisdictions, and may have difficulties in relocating our entire business operation to other geographic markets if there is any material deterioration in the economic, political and regulatory environment in Hong Kong.



## **RISK FACTORS**

### **We operate in a highly competitive industry, and we cannot assure you that we will be able to compete successfully**

The industry in which we operate is concentrated. Please refer to the paragraph headed “Competition” under the section headed “Business” of this document. We may be less competitive than some of our competitors in terms of turnaround speed and technical expertise. In addition, some of our competitors may have a cost structure that is characterised by lower capital expenditures or labour costs than we have, and some other competitors may have greater scale, flexibility and other resources than we do. We cannot assure you that we will be able to continue to compete successfully in our existing markets. A number of factors, including an increase in operational efficiency, adoption of competitive pricing strategies, expansion of operations or adoption of innovative marketing methods of our competitors may have a material adverse effect on our business, results of operations and financial position.

### **RISKS RELATING TO THE [REDACTED]**

#### **There is possibility of a lack of an active trading market for the Shares and significant fluctuation of their trading prices**

Prior to the Listing, no public market for the Shares existed. An application has been made to the Stock Exchange for the listing and permission to deal in the Shares. A listing of the Shares on the Stock Exchange does not guarantee a liquid public market for the Shares after the Listing. If an active public market for the Shares does not develop after the Listing, the market price and liquidity of the Shares may be adversely affected.

#### **The market price and trading volume of the Shares may be highly volatile**

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

#### **Shareholders’ equity interests may be diluted**

Our Group may need to raise additional funds in the future to finance, inter alia, expansion or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of the Shareholders in our Company may be reduced and Shareholders may experience dilution in their percentage shareholdings in our Company. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

## **RISK FACTORS**

### **Granting options under the Share Option Scheme would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share**

Our Company has conditionally adopted the Share Option Scheme although no options had been granted thereunder as at the Latest Practicable Date. Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue. Under the HKFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to our Group’s consolidated income statement over the vesting period by reference to the fair value at the date on which the options are granted under the Share Option Scheme. As a result, our Group’s profitability and financial results may be adversely affected.

### **Future sales of Shares by existing Shareholders could materially and adversely affect the prevailing market price of the Shares**

The Shares beneficially owned by the existing Shareholders are subject to certain lock-up periods. There are no assurances that any substantial Shareholders or Controlling Shareholders will not dispose of the Shares held by them following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict the effect, if any, of any future sales of the Shares by any substantial Shareholder or Controlling Shareholder on the market price of the Shares. Sale of a substantial amount of Shares by any of them or the issue of a substantial amount of new Shares, or the market perception that such sale or issue may occur, could materially and adversely affect the prevailing market price of the Shares.

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

[REDACTED]

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

[REDACTED]

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

[REDACTED]

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

[REDACTED]

**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

**DIRECTORS**

<b>Name</b>	<b>Residential Address</b>	<b>Nationality</b>
<i>Executive Directors</i>		
Ms. Chiu Hok Yu (趙鶴茹)	Flat C, 15/F Everwell Garden 1 Sheung Hong Street Ho Man Tin Kowloon Hong Kong	Chinese
Ms. Kwok Kam Lai (郭琴麗)	Flat E, 17/F Lee Fung Building 315–319 Queen’s Road Central Hong Kong	Chinese
<i>Non-executive Director</i>		
Mr. Lau Man Tak (劉文德)	Apt. 25, 6/F St. George’s Court 83 Kadoorie Avenue Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Leung Chi Hung (梁志雄)	Flat C, G/F, Block 10 Parc Oasis Parc Oasis Road Yau Yat Chuen Kowloon Hong Kong	Chinese
Mr. Wong Kun Kau (黃灌球)	1/F, Hse A22 88 Wong Ma Kok Road Regalia Bay Stanley Hong Kong	Chinese
Mr. Lum Chor Wah Richard (林楚華)	Block A, Flat 4, 19/F Kingsfield Tower 73–83 Bonham Road Mid Levels Hong Kong	British

For further information regarding our Directors, please refer to the section headed “Directors, senior management and employees” of this document.

**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

**PARTIES INVOLVED IN THE [REDACTED]**

**Sole Sponsor, [REDACTED]  
and [REDACTED]**

CLC International Limited  
*A corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)*  
Suite 4703A-4704  
Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Underwriters**

[REDACTED]

**Legal advisers to our Company**

*As to Hong Kong law*  
Robertsons  
57/F, The Center  
99 Queen's Road Central  
Central  
Hong Kong

*As to Cayman Islands Law*  
Appleby  
2206-19 Jardine House  
1 Connaught Place  
Central  
Hong Kong



**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

**Legal advisers to the Sole Sponsor  
and the [REDACTED] as to  
Hong Kong law**

Sidley Austin  
39/F  
Two Int'l Finance Centre  
Central  
Hong Kong

**Auditors and reporting accountants**

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*  
31/F., Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

**Compliance adviser**

CLC International Limited  
*A corporation licensed under the SFO and  
permitted to carry on Type 1 (dealing in securities)  
and Type 6 (advising on corporate finance) of the  
regulated activities (as defined in the SFO)*  
Suite 4703A–4704  
Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

## CORPORATE INFORMATION

<b>Registered office</b>	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Headquarters, head office and principal place of business in Hong Kong</b>	3/F., Nexxus Building 77 Des Voeux Road Central Hong Kong
<b>Authorised representatives</b>	Ms. Chiu Hok Yu Flat C, 15/F Everwell Garden 1 Sheung Hong Street Ho Man Tin Kowloon Hong Kong  Ms. Kwok Kam Lai, <i>CPA</i> Flat E, 17/F Lee Fung Building 315–319 Queen’s Road Central Hong Kong
<b>Company secretary</b>	Mr. Ko Wai Lun Warren, <i>Solicitor, Hong Kong</i> 15/F., Villa Elegance, Robinson Road Mid-levels, Hong Kong
<b>Compliance officer</b>	Ms. Kwok Kam Lai
<b>Audit Committee</b>	Mr. Leung Chi Hung ( <i>chairman</i> ) Mr. Wong Kun Kau Mr. Lum Chor Wah Richard
<b>Remuneration Committee</b>	Mr. Lum Chor Wah Richard ( <i>chairman</i> ) Mr. Leung Chi Hung Mr. Wong Kun Kau Ms. Chiu Hok Yu
<b>Nomination Committee</b>	Mr. Wong Kun Kau ( <i>chairman</i> ) Mr. Leung Chi Hung Mr. Lum Chor Wah Richard Ms. Chiu Hok Yu

<b>CORPORATE INFORMATION</b>
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<b>Compliance Committee</b>	Mr. Lum Chor Wah Richard ( <i>chairman</i> ) Mr. Leung Chi Hung Mr. Wong Kun Kau Ms. Chiu Hok Yu Ms. Kwok Kam Lai
<b>Principal share registrar and transfer office in the Cayman Islands</b>	[REDACTED]
<b>Hong Kong branch share registrar and transfer office</b>	[REDACTED]
<b>Principal bankers</b>	The Hongkong and Shanghai Banking Corporation No.1 Queen's Road Central Hong Kong
<b>Website of our Company</b>	<a href="http://www.ref.com.hk">www.ref.com.hk</a> (information contained in this website does not form part of this document)

## INDUSTRY OVERVIEW

*This section contains certain information which is derived from various official government or publicly available sources and from the market research report prepared by Ipsos which was commissioned by us, unless otherwise indicated. We believe that the sources of such information are appropriate and 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. While we have exercised reasonable care in compiling and reproducing such information from official government publication, it has not been independently verified by us, our Controlling Shareholders, the Sole Sponsor, any other party involved in the Listing or their respective directors, officers, employees, advisers, agents and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.*

*The information extracted from the market research report from Ipsos reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. The Sole Sponsor and our Directors have exercised reasonable care in reproducing market data disclosed in this document, and have no reasonable ground to believe and do not believe that any such information being included in this document is untrue. Our Directors have further confirmed that, after taking reasonable care, there is no adverse change in the market information since the date of the Ipsos Report, which may qualify, contradict or have an impact on the information as disclosed in this section.*

## SOURCE OF INFORMATION

### **Ipsos Report, research methodology and assumptions**

Ipsos, an Independent Third Party, is a global research organisation and provider of international market intelligence on consumer products, services and lifestyles. It was commissioned by our Group to produce the Ipsos Report on the industry overview, the competitive analysis and the segmental analysis of the financial printing industry in Hong Kong, at a total fee of HK\$428,000. The report prepared by Ipsos is independent from our influence. The payment of such amount was not contingent upon the success of the Listing or upon the results of the Ipsos Report. Ipsos is part of Ipsos SA which was founded in Paris, France in 1975 and has been listed on the NYSE Euronext Paris in 1999. Ipsos SA acquired Synovate Ltd in 2011. After the combination, Ipsos becomes the third largest research company in the world which employs approximately 16,000 personnel worldwide across 87 countries. Ipsos conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence. Save for the Ipsos Report, we did not commission any other report in connection with the Listing. Figures and statistics provided in this document and attributed to Ipsos or the Ipsos Report have been extracted from the Ipsos Report and published with the consent of Ipsos.

The Ipsos Report includes information on financial printing industry in Hong Kong. The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desk research; (ii) client consultation; and (iii) primary research by interviewing key stakeholders and industry experts in Hong Kong, including financial printing service providers, suppliers and customers of such services, etc. According to Ipsos, this methodology has guaranteed a full circle/

## INDUSTRY OVERVIEW

multi-level information sourcing process, where information gathered was able to be cross-referenced to ensure accuracy. The intelligence gathered by Ipsos has been analysed, assessed and validated using Ipsos’ in-house analysis models and techniques.

The analysis in the Ipsos Report is based on the assumption that is no external shock such as financial crisis, natural disasters, new government and industry regulations to affect the demand and supply of financial printing service industry during the forecast period.

The following parameters are considered when analysing the market size and forecast model of the Ipsos Report include (i) GDP growth rates in Hong Kong from 2008 to 2014; (ii) number of listed companies and number of newly listed companies in Hong Kong from 2008 to 2014; (iii) total value of fund raised and total value of IPO fund raised in Hong Kong from 2008 to 2014; (iv) historical inflation rate in Hong Kong; and (v) historical data from 2008 to 2014 of that particular market size topics.

### GENERAL INTRODUCTION OF HONG KONG STOCK EXCHANGE IN THE GLOBAL EQUITY MARKET

According to the World Federation of Exchanges, Hong Kong ranked as the seventh largest stock exchange in the world and the third largest stock exchange in Asia as at the end of December 2014, in terms of the domestic equity market capitalisation.

#### Largest domestic equity market capitalisation at year-end 2014

	Worldwide Ranking <sup>(4)</sup>	Ranking In Asia <sup>(4)</sup>	Market Capitalisation (US\$ in billions)
NYSE Euronext (US)	1	N/A	19,351
NASDAQ OMX (US)	2	N/A	6,979
Japan Exchange Group	3	1	4,378
London Stock Exchange Group <sup>(1)</sup>	4	N/A	4,013
Shanghai SE	5	2	3,933
NYSE Euronext (Europe) <sup>(2)</sup>	6	N/A	3,319
Hong Kong Stock Exchanges <sup>(3)</sup>	7	3	3,233
TMX Group	8	N/A	2,094
Shenzhen SE	9	4	2,072
Deutsche Börse	10	N/A	1,739

*Notes:*

- (1) Comprises London Stock Exchange and Borsa Italiana.
- (2) Comprises Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris.
- (3) Includes GEM.
- (4) Ranking is based on market capitalisation. Market capitalisation excludes investment funds.

*Source: World Federation of Exchanges’ website*

## INDUSTRY OVERVIEW

### DRIVING FORCE OF THE FINANCIAL PRINTING MARKET IN HONG KONG

#### Increase in number of listed companies and newly listed companies in Hong Kong

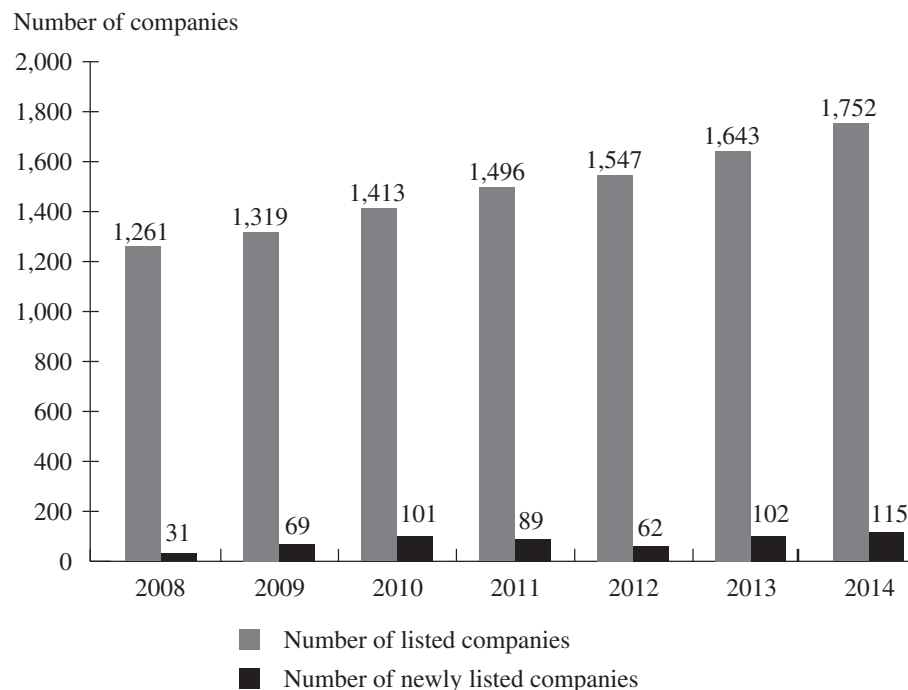
According to Ipsos, the number of listed companies increased from 1,261 companies in 2008 to 1,752 companies in 2014, at a CAGR of approximately 5.6%. In addition, the number of newly listed companies increased from 31 companies in 2008 to 115 companies in 2014, at a CAGR of approximately 24.4%.

According to Ipsos, the increase in the number of listed companies and newly listed companies is directly related to the financial printing market as the financial printing service providers mainly offer services to the customers in relation to the publication of listing documents, financial reports and compliance documents for their compliance to the applicable rules and regulations.

According to the Listing Rules and the GEM Listing Rules, listed companies on the Main Board are required to publish an annual report and an interim report annually, while the listed companies on the GEM are required to publish two quarterly reports, an interim report and an annual report annually. Moreover, listed companies will publish notices, announcements and/or circulars under several circumstances, including but not limited to the following: (a) where the Stock Exchange considers appropriate; (b) in the cases of voluntary disclosure by the listed companies; and (c) in the cases of regular announcement, such as monthly returns and notice of annual general meeting.

According to the Listing Rules and the GEM Listing Rules, a listing document is required for companies that planned to be listed on the Stock Exchange.

**Number of listed companies and number of newly listed companies in Hong Kong from 2008 to 2014**



Source: Stock Exchange's website

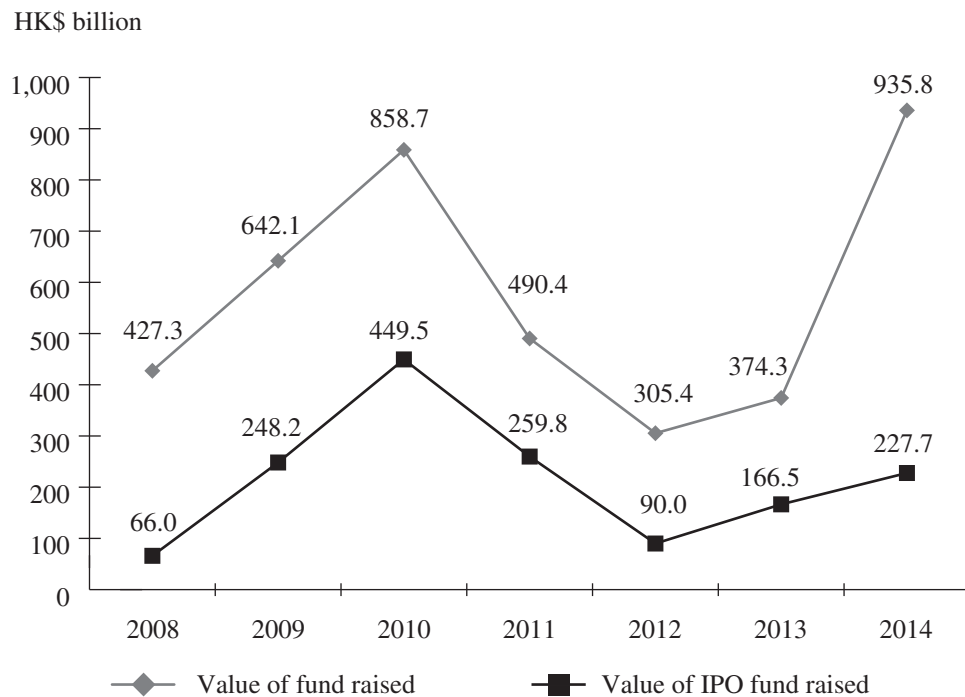
## INDUSTRY OVERVIEW

### Improving economic performance and market sentiment

According to the website of the Stock Exchange, the total value of fund raised in Hong Kong and total value of IPO fund raised in Hong Kong increased from approximately HK\$427.3 billion in 2008 to approximately HK\$858.7 billion in 2010 and from approximately HK\$66.0 billion in 2008 to approximately HK\$449.5 billion in 2010 respectively, at a CAGR of approximately 41.8% and 161.0% respectively.

According to the website of the Stock Exchange, the total value fund raised and total value of IPO fund raised in Hong Kong decreased by approximately 42.9% and 42.2% respectively in 2011 as compared to 2010. The total value of fund raised and total value of IPO fund raised in Hong Kong further decreased in 2012 due to the impact of a number of negative external factors including the European debt crisis, slowdown in the growth of Chinese economy and downgrade of the US credit rating. Following the improvement of the global economy, the total value of fund raised and total value of IPO fund raised increased from approximately HK\$305.4 billion and HK\$90.0 billion in 2012 to approximately HK\$935.8 billion and HK\$227.7 billion in 2014, at a CAGR of approximately 75.0% and 59.1% respectively. The increment was partially due to the inactive IPO activity in the PRC in 2013 after the Central Government halted new listing in the PRC market. In addition, the improving of the investor appetite reflected by the growth in both the number of deals and average deal size in Hong Kong lead to such increment in fund raised. The growth of the Hong Kong equity market has created opportunities to the financial printing service providers as more fund raised activities and IPO fund raised activities increase the demand for financial printing services.

### Total value of fund raised and total value of IPO fund raised in Hong Kong from 2008 to 2014



Source: Stock Exchange's website

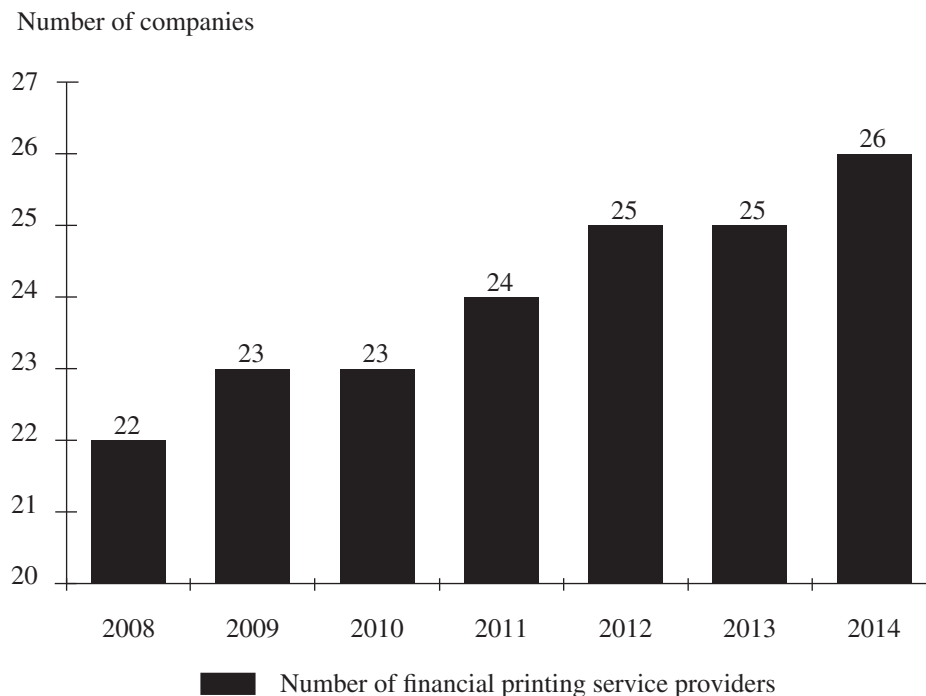
## INDUSTRY OVERVIEW

### FINANCIAL PRINTING INDUSTRY IN HONG KONG

#### Number of financial printing service providers in Hong Kong

According to Ipsos, the total number of financial printing service providers in Hong Kong increased from 22 companies in 2008 to 26 companies in 2014, growing at a CAGR of approximately 2.8%, which implies the high concentration of market participants in the financial printing industry. Please refer to the paragraph headed “Competitive landscape and entry barriers” in this section below for more details.

#### Number of financial printing service providers in Hong Kong from 2008 to 2014



Source: Ipsos interviews and analysis

#### Market size of financial printing industry in Hong Kong

According to Ipsos, the total revenue of financial printing industry increased from approximately HK\$589.3 million in 2008 to approximately HK\$1,312.8 million in 2014, at a CAGR of approximately 14.3%. The fluctuation of total revenue of the financial printing industry from 2008 to 2014 was in line with the performance of the IPO market in Hong Kong. The total revenue of financial printing industry had a general increasing trend from 2008 to 2014 except for the plunge in 2011 and 2012 with approximately HK\$976.0 million and HK\$876.9 million respectively following by an increase in total revenue in 2013 and 2014. The number of newly listed companies in Hong Kong had a similar trend with a fall to 89 and 62 newly listed companies in 2011 and 2012 respectively but subsequently rebounded to 102 and 115 newly listed companies in 2013 and 2014, respectively.

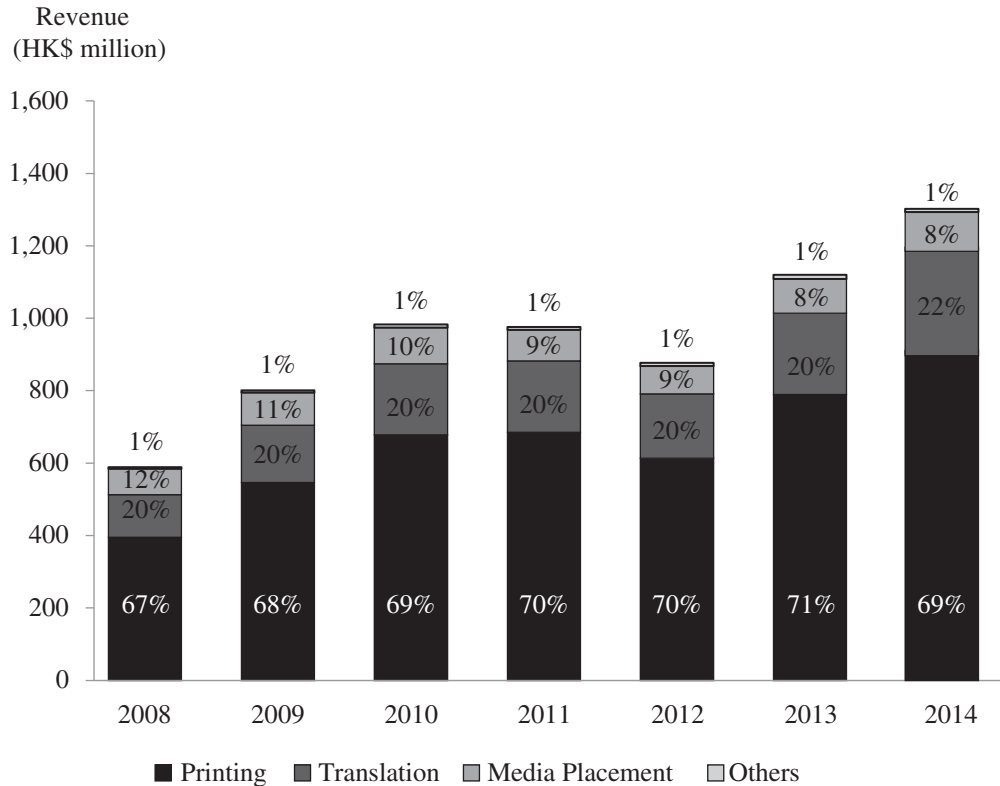
According to Ipsos, printing is the major source of income of the financial printing service providers and averagely accounted for approximately 70.0% of the total revenue of financial printing industry from 2008 to 2014. The share of the total revenue from translation is kept constant at



## INDUSTRY OVERVIEW

approximately 20.0% from 2008 to 2014. In addition, follow the implementation of the ‘Abolition of Requirement for Main Board Issuers to Publish Paid Announcements in Newspapers and Related matters’ introduced by the Stock Exchange, Main Board listed issuers are no longer required to publish announcements in newspaper starting from June 2008 and, the share of revenue for media placement reduced from approximately 12.0% in 2008 to approximately 8.0% in 2014 accordingly.

### Total revenue of financial printing industry in Hong Kong from 2008 to 2014



*Source: Ipsos interviews and analysis*

### Competitive landscape and entry barriers

According to Ipsos, there are 26 active financial printing service providers in Hong Kong in connection with our business. In 2014, the top ten players in terms of revenue had total revenue of approximately HK\$1,137.5 million, representing approximately 86.7% of the total revenue for the Hong Kong financial printing industry. Notwithstanding the relatively low technology requirements, the financial printing service providers in Hong Kong have a relatively high initial capital commitment. It is generally expected that the financial printing service providers in Hong Kong should be located in the central business district and offer around-the-clock services. Thus, most of the financial printing service providers are subject to a relatively high office rental and a substantial amount of staff cost, electricity expenses and other miscellaneous expenses.

In addition, new entrants are required to renovate their office premises so as to provide well-equipped facilities to their customers. They will also have to face the challenges of increasing printing costs and translation costs. All of the above factors create relatively high entry barriers for potential competitors to enter into the market.

## INDUSTRY OVERVIEW

In general, our Directors consider that we compete with our competitors principally on efficiency, service quality, turnaround speed, accuracy, design capability and price.

Efficiency, service quality, turnaround speed and accuracy: Timely response with high quality of services and accuracy is critical to customers for financial printing service because the documents are often needed to be typesetted, printed and distributed in a tight deadline.

Design capability: Some of the customers would like to have unique design for their documents.

Price: In addition to the above factors, cost efficiency is an important factor for customers to choose a financial printing service provider.

### Top 10 financial printing service providers by revenue in Hong Kong in 2014

Rank	Name	Revenue (HK\$ million)	Market share (%)	Number of IPOs successfully listed on the Stock Exchange
1	Competitor A	188.9	14.4	24
2	Competitor B	177.7	13.5	17
3	Competitor C	166.9	12.7	23
4	Competitor D	165.6	12.6	10
5	REF Financial	134.1	10.2	16
6	Competitor E	120.9	9.2	7
7	Competitor F	79.5	6.1	9
8	Competitor G	40.9	3.1	2
9	Competitor H	34.6	2.6	0
10	Competitor I	28.4	2.2	2
Others		175.1	13.4	5
Total		1,312.6	100.0	115

*Source: Ipsos interviews and analysis*

## INDUSTRY OVERVIEW

### FUTURE OPPORTUNITIES AND THREATS TO THE FINANCIAL PRINTING INDUSTRY

#### Growing of equity market

The continuous growing equity market in Hong Kong brings business opportunities to the financial printing industry. The number of newly listed companies in Hong Kong greatly affects the business of the financial printing industry. Due to Hong Kong’s economic freedom and the absence of exchange controls, Hong Kong’s stock market was the seventh largest in the world and the third largest in Asia in terms of market capitalisation as at the end of December 2014.

#### New sponsor regulation

Furthermore, a new sponsor regulation, “Consultation Conclusions on the regulation of IPO sponsors” which became effective in October 2013 could possibly boost the international reputation of Hong Kong as a preferred listing destination for companies as the new listing regime enhances the standard and quality of the companies listed on the stock exchange in Hong Kong. Therefore, the financial printing industry could also benefit from the growing IPO market in Hong Kong.

#### Employing experienced workers

The financial printing industry faces difficulty in hiring skilled workers. Since most financial printing service providers operate 24 hours a day, seven days a week, they have to hire night shift skilled workers such as translators, designers and proofreaders. Due to the relatively low unemployment rate of approximately 3.3% in Hong Kong for 2014 as quoted from Census and Statistics Department of Hong Kong, it is more difficult for the industry to hire workers that are willing to take night shifts.

#### Changes in the rules and regulations governing the companies listed on the Stock Exchange

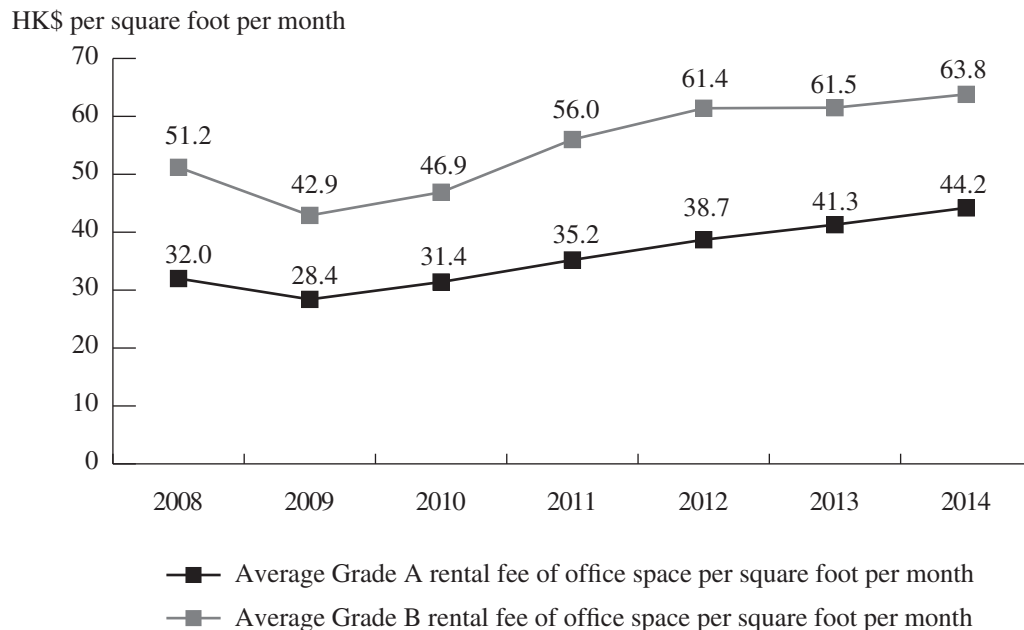
The financial printing service providers in Hong Kong rely on the performance of equity market including IPO market. Some of their customers are companies listed on the Stock Exchange, and are subject to the compliance of all the applicable laws and regulations, including but not limited to, the Listing Rules and the GEM Listing Rules. In accordance with the Listing Rules and the GEM Listing Rules, they are required to disseminate corporate information to the public by way of announcements, circulars and financial reports and in the case of IPOs, companies are required to issued printed listing documents to the public. Any change in such rules and regulations such as the implementation of new requirement for companies to list on the Stock Exchange, or the abolishment of or amendment to disclosure requirements imposed on listed companies, may adversely affect the demand for the financial printing services in terms of the number/size of the target customer base and the number of projects.

## INDUSTRY OVERVIEW

### Increasing office space rental

Generally, the financial printing service providers in Hong Kong are located in the central business district in order to provide convenient access for their customers and/or their professional parties such as the investment banks, legal advisers and auditors, they are susceptible to the rental fluctuation from time to time. According to Rating and Valuation Department of Hong Kong, the average Grade A office space rental in Hong Kong increased from approximately HK\$51.2 per square foot per month in 2008 to approximately HK\$63.8 per square foot per month in 2014 at a CAGR of approximately 3.7%. The increasing trend indicated a further increment possibility which may adversely affect the operating cost of the financial printing service providers.

**Price trend of office space rental in Hong Kong from 2008 to 2014**



*Source: Rating and Valuation Department of Hong Kong*

### DIRECTORS' CONFIRMATION

Our Directors confirm that after taking reasonable care, there is no material adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

## **REGULATORY OVERVIEW**

### **LAWS AND REGULATIONS RELATING TO OUR OPERATIONS**

Set out below is the summary of the major applicable laws and regulations relevant to our operations in Hong Kong:

#### **HONG KONG LAWS RELATING TO THE INDUSTRY**

As advised by the HK Legal Advisers, there is no specific licensing requirement for conducting our Group’s business in Hong Kong (in addition to what is required for carrying on business in Hong Kong in general) pursuant to the laws of Hong Kong.

However, most of our customers are companies listed or proposed to be listed on the Main Board or GEM. As a result, the publication of documents by such companies which include announcements, circulars, annual, interim and quarterly reports is subject to, among other laws and regulations, the Listing Rules, the GEM Listing Rules and the SFO. Further, we also assist our customers to prepare marketing materials and information. The contents of these materials may also be subject to applicable securities laws and regulations.

Our customers, as listed companies, are required to comply with all the applicable laws and regulations, including but not limited to, the Listing Rules and the GEM Listing Rules. In accordance with the Listing Rules and the GEM Listing Rules, listed companies are required to disseminate corporate information to the public by way of announcements, circulars and financial reports, and in the case of IPO, issuers are required to issue printed listing documents to the public within the stipulated time. Please refer to the paragraph headed “We may be adversely affected by changes in the rules and regulations governing the companies listed on the Stock Exchange” under the section headed “Risk factors” in this document for further details.

### **ON-GOING COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS**

#### **Compliance with the GEM Listing Rules upon Listing**

To ensure on-going compliance with the above applicable rules, laws, and regulations in Hong Kong, all our Directors have received basic training on the rules and laws applicable to a listed company in Hong Kong. Furthermore, we shall engage a qualified Hong Kong law firm to render legal advice in respect of our operations in Hong Kong after Listing if our Directors see fit for compliance of the respective laws and regulations. It is expected that such service will continue to be engaged by our Company after Listing if our Directors see fit. We have also appointed CLC International as our compliance adviser. Please see the paragraph headed “Compliance adviser” under the section headed “Directors, senior management and employees” of this document for further details.

## REGULATORY OVERVIEW

### Occupational Safety and Health

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers shall as far as reasonably practicable ensure the safety and health in their workplaces by:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instruction, training and supervision to employees for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy work environment.

### Employees' Compensation

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases under the Employees' Compensation Ordinance. The Employees' Compensation Ordinance applies equally to full-time and part-time employees who are employed under service contracts or apprenticeships.

If an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay compensation under the Employees' Compensation Ordinance even if the employee might have contributed to the accident occurred.

Pursuant to the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are obliged to take out insurance policies to cover their liabilities arising from the Employees' Compensation Ordinance and the common law as a result of injuries sustained by their employees in the course of their employments.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### OUR BUSINESS DEVELOPMENT

#### Introduction

Our Group was founded in April 2010 by Mr. Lau. Having been on the board of directors of various listed companies since 1997, Mr. Lau had come across many financial printing service providers during the course of such companies’ transactions and reporting periods involving the printing of compliance documents and financial reports. Believing that there was a continued demand for quality printing and related services in Hong Kong especially in light of the continued listing of new companies on the Stock Exchange, Mr. Lau established our Group and financed it from his personal resources, with an aim to provide quality and secured financial printing services, with prompt turnaround and delivery time and accuracy at a reasonable rate. Our Group provides a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution to our customers comprising mainly listed companies on the Stock Exchange. We are situated in Central, the principal financial district in Hong Kong and generally close to the regulators and professional parties involved in our customers’ transactions.

#### Business Milestones

1 January 2011	Our Group commenced our business in the central business district of Hong Kong
1 February 2011	We launched our website <i>www.ref.com.hk</i>
September 2011	We received the best of Hong Kong Awards in ARC Awards 2011
31 December 2013	We attained over 330 customers
31 December 2014	We had 16 IPO projects with successful listed issuers in 2014, which represented approximately 13.9% of the total number of companies listed on the Stock Exchange in the same year

#### Our Corporate History

Our Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law on 5 February 2014. Our Company was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 12 March 2014. As at the Latest Practicable Date, our Company had an authorised share capital of HK\$100,000,000.00 divided into 10,000,000,000 shares. As part of the Reorganisation, our Company became the ultimate holding company of our Group.

For details of changes in the share capital of our Group, please refer to the paragraphs headed “Changes in authorised and issued share capital of our Company” and “Changes in share capital of subsidiaries” in Appendix IV to this document.

A summary of the corporate history of our subsidiaries is set out below:

##### *REF Holdings (HK)*

On 28 April 2010, REF Holdings (HK) was incorporated in Hong Kong as a limited liability company with authorised<sup>Note</sup> share capital of HK\$10,000.00 divided into 10,000 shares of HK\$1.00 each. One share was issued to the initial subscriber, namely Mr. Lau, on 28 April 2010 credited as fully paid. On 18 August 2010, Mr. Lau transferred the one subscriber share to Jumbo Ace at a consideration of HK\$1.00.

*Note:* The new Companies Ordinance which came into effect on 3 March 2014 adopted the mandatory system of no-par and abolished relevant concepts such as nominal value, share premium and the requirement for authorised capital.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REF Holdings (HK) carries on the business of investment holding and is the intermediary holding company of our main operating subsidiary REF Financial.

### *REF Financial*

On 28 April 2010, REF Financial was incorporated in Hong Kong as a limited liability with authorised<sup>Note</sup> share capital of HK\$10,000.00 divided into 10,000 shares of HK\$1.00 each. One share was issued to the subscriber, Mr. Lau, on 28 April 2010. On 18 August 2010, Mr. Lau transferred the one subscriber share to REF Holdings (HK) at a consideration of HK\$1.00.

*Note:* The new Companies Ordinance which came into effect on 3 March 2014 adopted the mandatory system of no-par and abolished relevant concepts such as nominal value, share premium and the requirement for authorised capital.

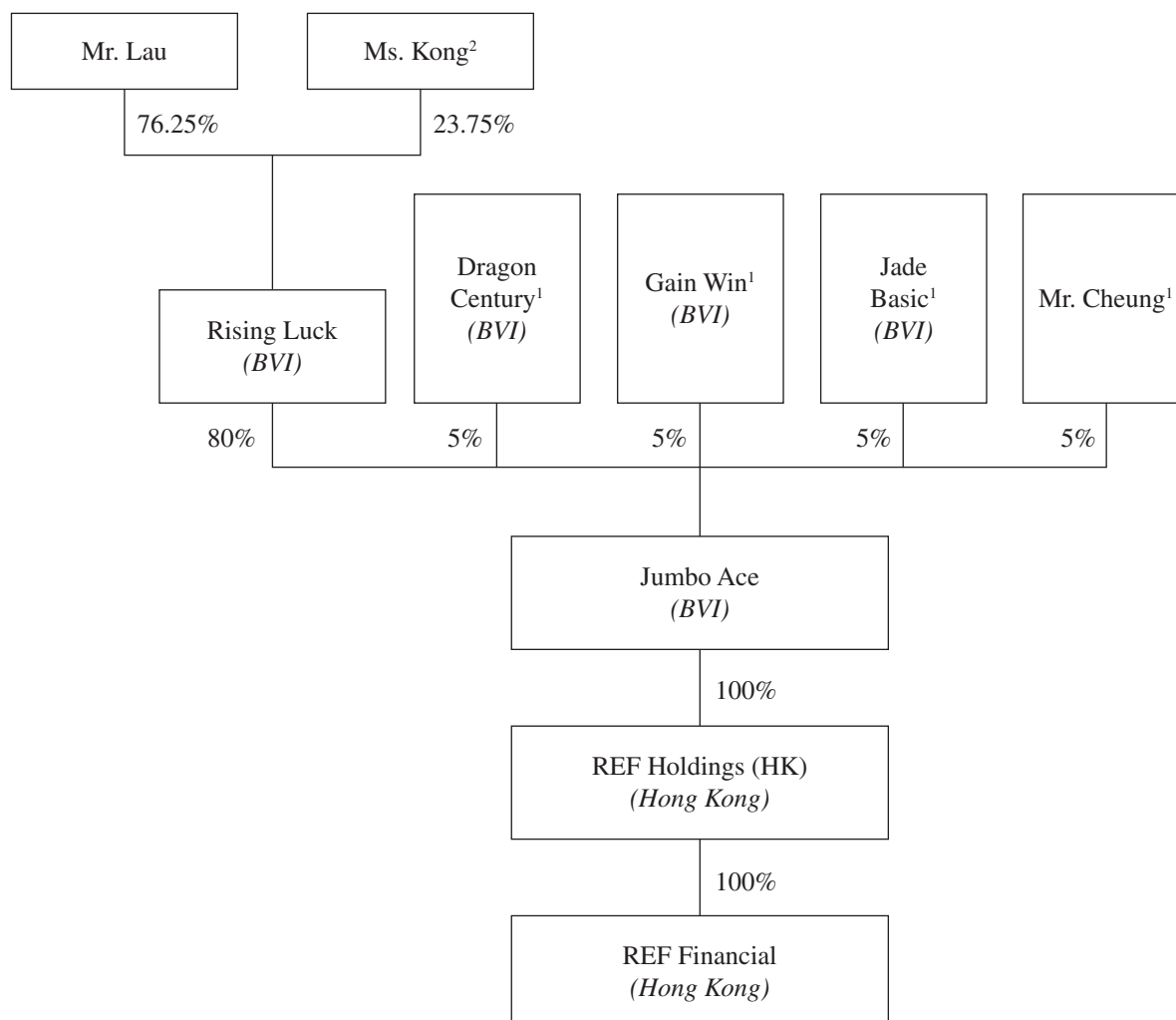
REF Financial is our main operating company and carries on the business of the provision of one-stop financial printing services for the financial sector in Hong Kong.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Reorganisation

The following is the shareholding structure of our Group immediately before the implementation of the Reorganisation.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

*Notes:*

1. Each of Dragon Century, Gain Win and Jade Basic, their ultimate beneficial owners and Mr. Cheung is an Independent Third Party. Dragon Century, Gain Win and Jade Basic are all investment holding companies whilst Mr. Cheung is currently working as an investment banker. Mr. Cheung and the ultimate beneficial owners of Dragon Century, Gain Win and Jade Basic are all personal friends of Mr. Lau and do not have any interests in our Group save and except their direct/indirect shareholdings in Jumbo Ace.
2. Ms. Kong is an Independent Third Party and is currently acting as a managing director of a multinational public relation firm. Ms. Kong is a personal friend of Mr. Lau and does not have any interest in our Group save and except her indirect shareholding in Jumbo Ace.

The Reorganisation involved the following steps:

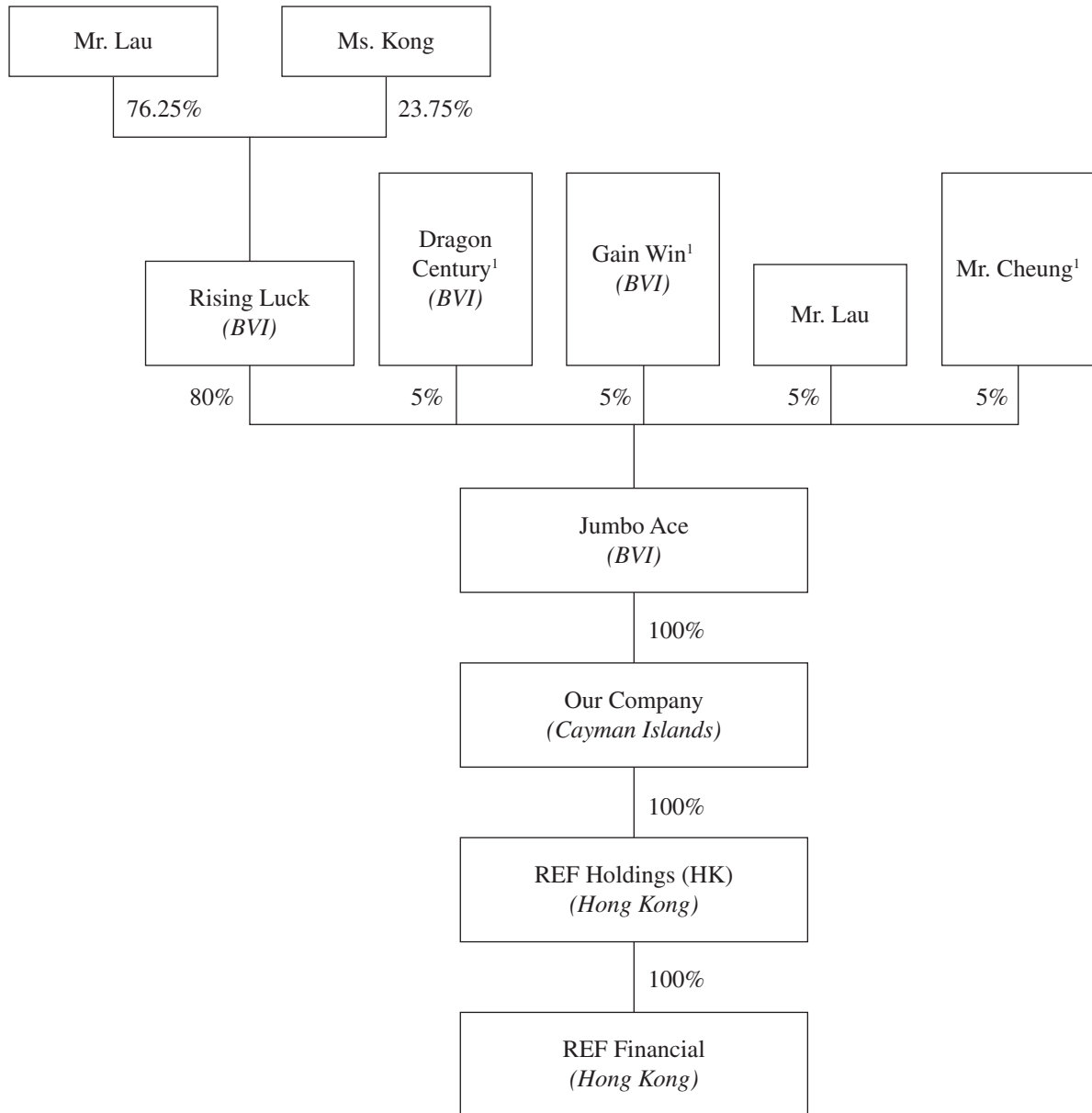
On 30 December 2013, Jade Basic and Mr. Lau entered into an instrument of transfer whereby Mr. Lau acquired from Jade Basic 2,500 ordinary shares in Jumbo Ace for a consideration of HK\$1,000,000.00. Such transaction was completed and fully settled in cash on the same date.

On 5 February 2014, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$100,000.00 divided into 10,000,000 Shares of par value HK\$0.01 each. Upon incorporation, one Share was issued to Reid Services Limited with such Share being transferred to Jumbo Ace on the same date.

On [REDACTED] 2015, Jumbo Ace and our Company entered into a sale and purchase agreement relating to the transfer of one share of REF Holdings (HK), representing its entire issued share capital, to our Company in consideration of our allotment and issue of 99 Shares to Jumbo Ace credited as fully paid.

**HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

The following is the shareholding structure of our Group as at the Latest Practicable Date.

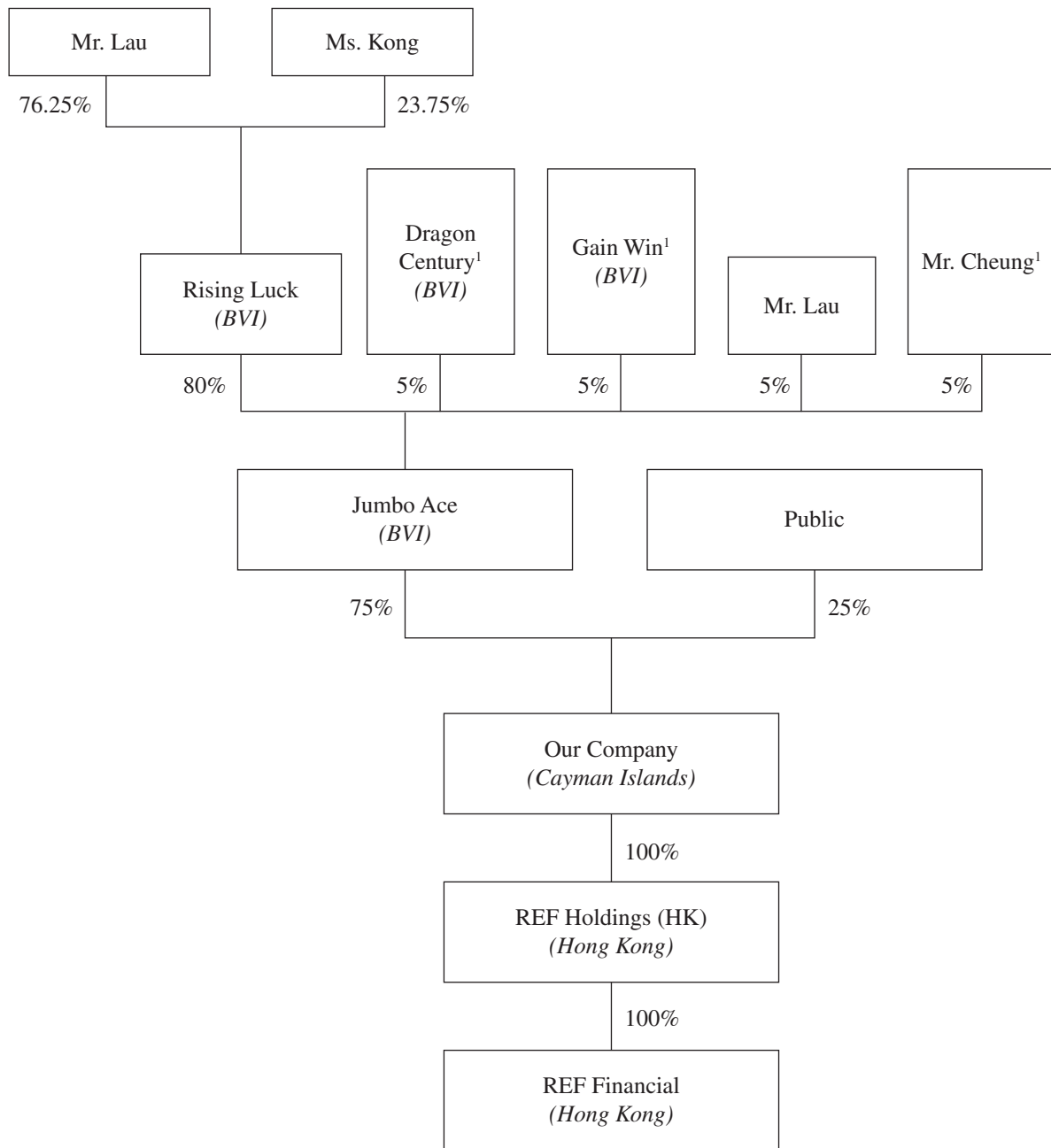


Notes:

- Each of Dragon Century and Gain Win, their ultimate beneficial owners and Mr. Cheung is an Independent Third Party.

**HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

The following is the shareholding structure of our Group on Listing but without taking into account of any Shares that may be allotted and issued upon the exercise of options to be granted under the Share Option Scheme.



Notes:

- Each of Dragon Century and Gain Win, their ultimate beneficial owners and Mr. Cheung is an Independent Third Party.

## BUSINESS

### OVERVIEW

Our Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. We offer to our customers a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution, within which, translation and printing are subcontracted to a panel of subcontractors. Our financial printing services cover printing of listing documents, financial reports, compliance documents and other documents. In addition to the core services we offer, we also provided ancillary services such as provision of conference room facilities, which could cater for our customers' different requirements. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our total revenue was approximately HK\$99.1 million, HK\$134.1 million and HK\$20.3 million respectively.

Our services can be broadly categorised into three types, namely printing, translation and media placement. Printing is our mainstream of revenue, representing approximately 68.6%, 67.9% and 62.6% of our total revenue respectively for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015. Our customers are mainly listed companies on the Stock Exchange and/or other stock exchanges, accounting for over 90% of our total revenue for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively.

The following table sets forth the revenue attributable to each category of services provided during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Printing								
— Listing documents	22,559	22.8	41,291	30.8	7,052	31.0	5,141	25.3
— Financial reports	29,767	30.0	33,775	25.2	3,949	17.4	4,712	23.2
— Compliance documents	13,336	13.5	13,495	10.0	2,527	11.1	2,567	12.6
— Other documents	<u>2,256</u>	<u>2.3</u>	<u>2,526</u>	<u>1.9</u>	<u>639</u>	<u>2.8</u>	<u>312</u>	<u>1.5</u>
	67,918	68.6	91,087	67.9	14,167	62.3	12,732	62.6
Translation	23,664	23.9	28,850	21.5	4,918	21.6	5,015	24.7
Media placement	<u>7,495</u>	<u>7.5</u>	<u>14,195</u>	<u>10.6</u>	<u>3,671</u>	<u>16.1</u>	<u>2,579</u>	<u>12.7</u>
	<u>99,077</u>	<u>100.0</u>	<u>134,132</u>	<u>100.0</u>	<u>22,756</u>	<u>100.0</u>	<u>20,326</u>	<u>100.0</u>

## BUSINESS

### COMPETITIVE STRENGTHS

Our Directors consider that we possess the following competitive strengths:

#### **We have an experienced and capable management team**

Our executive Director, Ms. Chiu, has over 18 years of experience in the financial printing industry and has played a key management and leadership role in the development of our Group. The other executive Director, Ms. Kwok and other senior management team members including Mr. Lee Sai Hong, Ms. Law Lai Yee Teresa and Mr. So Ka Lung have proven industry experience and in-depth knowledge in their respective area of specialisation. With their rich industry experience and expertise, our Directors are confident that we will sustain our competitiveness in the existing competitive environment of financial printing industry in Hong Kong. For further details of the biographies and experience of our management team, please refer to the section headed “Directors, senior management and employees” of this document.

#### **We are committed to providing a wide range of convenient and quality financial printing services**

We provide a wide range of financial printing services to meet our customers’ demands and requirements. Our services range from the provision of typesetting, proofreading, translation, design, printing and web submitting, newspaper placement to distribution. In addition to the core services we offer, we also provided ancillary services such as provision of conference room facilities, which could cater for our customers’ different requirements. In addition, we have implemented multiple points of quality control and inspection throughout our production process to ensure the quality of our financial printing services.

Our Directors believe that our one-stop service model will provide a wide range of convenient and quality service to our customers, attract potential customers and enable us to react to the changing needs of our customers quickly and effectively. New customers accounted for approximately 39.1%, 28.4% and 10.1% of our client base for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively.

#### **We have strong design capabilities**

We believe our design team is renowned in the industry for our outstanding creativity and executional capabilities, which are reflected in the number of prestigious international awards we have received in the past few years. Since the establishment of our Group, we have been presented with a total of 123 awards, including 28 Gold awards, 32 Silver awards, 31 Bronze awards and 32 Honors in respect of our design at the ARC Awards, the Galaxy Awards, the International Astrid Awards, the Mercury Awards and the LACP Awards. We believe that our strong design capabilities enable us to maintain and further develop our brand and enhance our competitiveness in the financial printing industry.

#### **We have stable relationships with our subcontractors**

We have established strong and close working relationships with our subcontractors who are the printing factories and translation companies in Hong Kong. Most of our five largest subcontractors have business relationship with us since our commencement of operation in 2011.

## BUSINESS

Our Directors believe that the subcontracting arrangements with the printing factories and translation companies allow us to reduce capital investments and operating costs associated with running a printing facility and translation team and focus our resources on areas such as marketing, typesetting, proofreading and design. In order to maximize our flexibility, we have not entered into any fixed-term or exclusive agreements or arrangements with any subcontractors. Our Directors believe that such long-term or fixed-term agreements with subcontractors is not necessary, as we maintain strong business relationships with our subcontractors.

### **We have maintained a broad customer base**

To avoid over-reliance on any particular customer, we had successfully built up a broad customer base with over 300 customers for the years ended 31 December 2013 and 2014, contributed by the business network of our management team and sales team. Our revenue is not concentrated on a few major customers.

We believe that it is vital for us to continuously expand our customer base and maintain stable business relationship with our customers by, among other things, understanding their changing needs and specifications. As such, our sales team visits our customers from time to time in order to facilitate effective communication with our customers and collect feedbacks from them. Through such visits, we are able to respond to our customers' feedbacks in a timely manner and strengthen business relationship with our customers.

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our recurring customers accounted for approximately 60.9%, 71.6% and 89.9% of our client base respectively. We believe that these recurring customers shows their recognition of the quality of our services and we consider such recognition as one of the key factors leading to our success in the financial printing industry.

### **BUSINESS STRATEGIES**

We aim to strengthen our position as a one-stop financial printing service provider. To achieve this, we intend to focus on the following strategies:

#### **(i) Setting up an in-house translation team**

According to the new sponsor regulation "Consultation Conclusions on the regulation of IPO sponsors" published by SFC, which became effective on 1 October 2013 and the related guidance letters issued by the Stock Exchange, starting from 1 April 2014, the listing applicants are required to submit the Chinese version of the listing documents to the Stock Exchange upon the submission of their listing application. Subsequent to the implementation of such new rules and regulations, our Directors found that the demand for the translation services has increased. In addition, as our business grows, we expect an increase in the demand for our services including translation services. According to the Census and Statistics Department of Hong Kong, there were approximately 330 establishments with approximately 870 persons engaged in the provision of translation and interpretation services in 2014. In view that such statistics may be collected on voluntary basis, our Directors believed that the total number of active translation companies and/or individuals in the market is possibly much more than the statistics. As such, our Directors considered that the translation industry in Hong Kong is fragmented with different translation companies and/or individuals offering comparable services.

## BUSINESS

In view that our existing subcontractors may not increase their capacity to cope with our anticipated increasing translation services to be subcontracted to them, we plan to set up an in-house translation team to reduce the reliance on subcontracting services provided by translation companies. We believe that setting up of an in-house translation team will help us to capitalise on the growing demand in the market, support our anticipated sales growth and provide us greater control over the quality and delivery time of the translation services.

To pursue this strategy, we expect to incur a total capital expenditure for the renovation of a new office and the acquisition of equipment for the in-house translation team of approximately HK\$1.6 million, which will be financed by the net proceeds from the [REDACTED], and we intend to employ approximately 20 staff and establish a new office in Hong Kong for the translation team. Ms. Chiu, our executive Director who has served as a director of another financial printing service provider with its own translation team, will supervise and monitor the operation of our newly setup in-house translation team; while Ms. Kwok, our another executive Director, who has relevant experience for overseeing human resources affairs in the financial printing industry, will identify and recruit suitable and experienced staff for managing the day-to-day operation of our newly setup in-house translation team. Our Directors expect that the translation team will be available to provide services by October 2015.

The proposed in-house translation team is expected to take up (i) the additional translation works from the anticipated growth in our business; (ii) a portion of the translation works undertaken by the existing translation companies; and (iii) (if any) the translation works undertaken by the translation companies which would be excluded as our shortlisted subcontractor during our continuous review on the approved subcontractor list. While the translation capacity of our proposed in-house translation team cannot be calculated reliably given that there are marked differences among different projects in terms of the number of pages, the complexity of the content of the documents, and the number of words per job involved and there is no historical figure or reliable basis on which we can rely in calculating the translation capacity of our proposed in-house translation team, our Directors, with reference to the operation scale and transaction amounts with Finlang during the Track Record Period, expect that our in-house translation team will ultimately take up not less than 50% of our Group's translation works currently subcontracted to translation companies. Our Group tends not to take up all the translation work in the foreseeable future based on the following reasons:

- (a) our Directors consider that maintaining the subcontracting arrangement for a substantial portion of our Group's translation works can give flexibility to our Group in job allocation while allowing our Group to maintain the operation cost at a reasonable level;
- (b) some customers would have preference to translation companies and would request for a specific translation company to be assigned to their work in order to ensure quality of work or consistency of writing style; and
- (c) certain projects may require translators with relevant translation knowledge and experience, which the in-house translation team may not possess.



## BUSINESS

By setting up the in-house translation team, our Directors expected that our translation fee will be reduced by no less than HK\$9.0 million annually and the expected operating cost incurred for running the in-house translation team will be approximately HK\$9.0 million annually. Although the in-house translation team may not contribute a substantial profit to our Group, our Directors believed that our establishment of the in-house translation team would increase our competitiveness and facilitate our business expansion so as to increase our market share and overall profit. In addition, our Directors and our Company expect that the in-house translation team may provide translation service on a standalone basis to our existing customers and their professional parties upon request.

Our Directors intend to finance the above plan by our operating cash flows and net proceeds from the [REDACTED]. It is estimated that approximately [REDACTED] of the net proceeds from the [REDACTED] will be applied to this plan. For details, please refer to the section headed “Future plans and use of proceeds” of this document.

**(ii) Enhancing our competitiveness in the financial printing industry through expansion of our workforce, improving our office facilities and upgrading and acquiring more advanced equipment and software**

In addition to the setting up of an in-house translation team, we will continue to maintain our performance within the industry and enhance our competitiveness through expansion of our workforce, improving our office facilities by adopting some renovation projects and acquiring office facilities, and procuring new systems and equipment with advanced technologies to capitalise on the growing demand in the market.

We believe that our success depends upon our ability to hire and cultivate experienced, motivated and well trained members of our management team, as well as employees at all levels with appropriate expertise and strong dedication to us. We will continue to offer to our staff competitive compensation packages, a caring corporate culture and the opportunity for staff to grow with our business. In addition, we will recruit new talents to enhance the performance and competitiveness of our workforce. Besides the expansion of our workforce, we will improve our office facilities such as conference room facilities and general environment of client areas by adopting some renovation projects and acquiring office facilities so as to provide a more equipped and comfortable office environment to our customers. Further, we strive to reinforce the capability of our information technology and upgrade our software and hardware on a continuing basis in order to handle the increasing workload arising from our expanding business in a more efficient manner.

Our Directors intend to finance the above plan by our operating cash flows and net proceeds from the [REDACTED]. It is estimated that approximately [REDACTED] of the net proceeds from the [REDACTED] will be applied to this plan. For details, please refer to the section headed “Future plans and use of proceeds” of this document.

## BUSINESS

### **(iii) Further strengthening our design capabilities**

Our Directors consider that a strong design team equipped with extensive design knowledge and experience in the financial printing industry will be key to our continuing success. We intend to arrange more on-the-job training for the design team members on industry knowledge with an aim to provide better services to customers. In addition, we intend to strengthen our design capability and efficiency by acquiring equipment, and upgrading various design and sketching software and database. We will also recruit experienced design personnel to support our further growth.

Our Directors intend to finance the above plan by our operating cash flows and net proceeds from the [REDACTED]. It is estimated that approximately [REDACTED] of the net proceeds from the [REDACTED] will be applied to this plan. For details, please refer to the section headed “Future plans and use of proceeds” of this document.

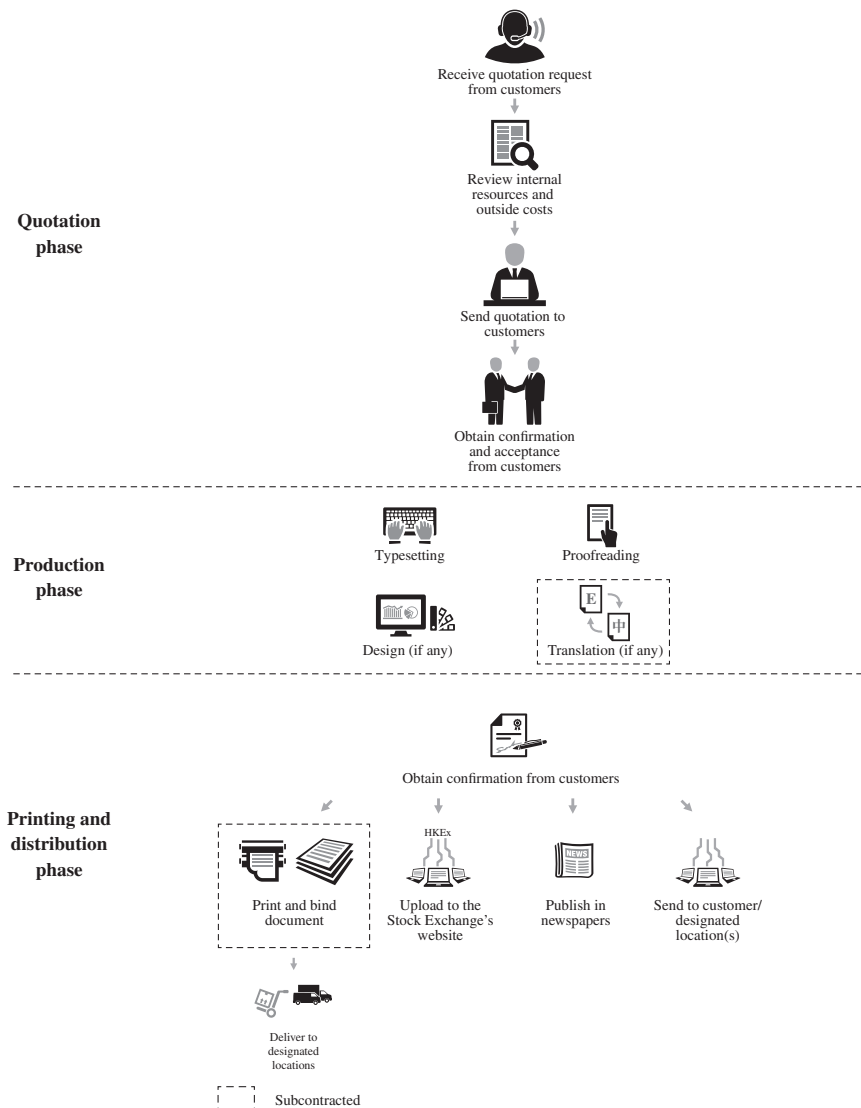
### **(iv) Further enhancing our brand awareness and recognition**

The competition in the financial printing industry in Hong Kong is intense. Accordingly, we believe that it is vital for us to continue to retain existing customers whilst to attract new customers, as well as to differentiate ourselves from our competitors. To achieve this, we intend to improve our brand recognition and positioning by further strengthening our marketing capabilities, intensifying our marketing efforts including placing advertisements through various media channels such as the internet. Furthermore, for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively, 9, 16 and 2 customers of our Group successfully listed on the Stock Exchange. We believe that our intensified marketing efforts, proven track record and becoming a listed company on the Stock Exchange will help to further differentiate our brand from the other players in the financial printing industry and enhance the confidence of our customers in us. Our Directors intend to finance the above plan by our operating cash flows.

**BUSINESS**

**BUSINESS MODEL**

As we were in the stage of development during the Track Record Period, we aim to minimise risks and capital commitment where possible. Accordingly, we developed a business model (as demonstrated in the diagram set out below) under which our Group engaged subcontractors for printing and translation and we mainly focused our resources on areas such as marketing, typesetting, proofreading and design. We managed to experience impressive growth, in the midst of keen competition, during the Track Record Period under this business model. However, in order to maintain our competitiveness in the industry and cope with the anticipated increasing demand for translation services following the implementation of the new sponsor regulation that requires the submission of Chinese version of listing documents to the Stock Exchange for listing application, we plan to reduce our reliance on subcontracting services provided by translation companies by setting up our in-house translation team. Please refer to the paragraph headed “Business strategies” above in this section for further information.



## BUSINESS

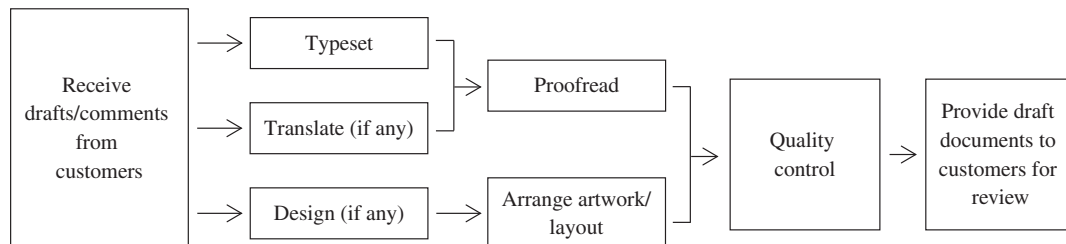
Our business model generally comprises the following phases:

### Quotation phase

Upon the request of a quotation from a customer, we begin our preparation of the fee quotation by defining our customer’s printing requirements of the project. In formulating our service fees for the project, we take into consideration a number of factors. Please refer to the paragraph headed “Pricing policy and payment terms” in this section below for more details. With reference to recent market information such as subcontractors’ quotations or their list of charge rates, internal resources availability as well as working schedule, our sales team lists out the proposed scope and prices of services in the quotation. Before sending the quotation to the respective customer, the quotation has to be reviewed and approved by our sales director to ensure that it is competitive in terms of certain principal factors, including efficiency, service quality, turnaround speed, design capability and price whilst maintaining our profit at a reasonable level. After confirmation and acceptance of the quotation by the customer, we will begin our production process.

### Production phase

The production phase usually involves the provision of four types of services, namely typesetting, proofreading, design and translation. A turnaround cycle of the production process is demonstrated in the diagram below:



The time required for a turnaround cycle as set out above depends on a number of factors, such as the complexity of the drafts/comments, size, urgency and the types of services required by the customers. Please refer to the paragraph headed “Services” in this section below for more details of our four types of services involved in the production process.

The number of turnaround cycles and the actual time required for the entire production process varies widely, subject to the complexity and progress of the project, the type of document, the approval/clearance of the regulatory authorities (if applicable).

Once the customer confirms and approves the draft documents, the production phase is completed and the project will undergo the printing and binding process.

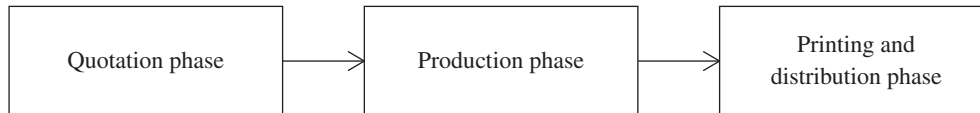
### Printing and distribution phase

Under the printing and distribution phase, depending on the customer’s requirements, the approved/finalised documents are delivered to the customers or their designed recipients through (i) physical delivery of printed copies to designated locations such as receiving banks, CCASS, share registers and investment banks in Hong Kong or overseas, after printing and binding; (ii) uploading the documents to the website of the Stock Exchange as required under the Listing Rules or the GEM Listing Rules, or to

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other designated website such as the customer’s own website; (iii) publishing in newspapers; and/or (iv) sending the soft copies to the customers’ designated locations for their further handling. Please refer to the paragraph headed “Services” in this section below for more details of our printing and binding services.

The following table illustrates our Group’s production process, with reference to our business model (as demonstrated in the diagram in the sub-section headed “Business Model” in this section), and the corresponding cash flow movement, which is prepared for illustrative purposes only and may not provide a full picture of our Group’s cash flow.



**Cash inflow**

<p>Receive non-refundable cash deposit as initial instalment and recognise as deposits received under current liability. <i>(Note)</i></p>	<p>Receive non-refundable cash deposit as interim instalment(s) and recognise as deposits received under current liability. <i>(Note)</i></p>	<p>Receive (i) all of our service fee or (ii) the remaining balance of our service fees with non-refundable cash deposit previously received, and recognise as revenue according to our revenue recognition policy.</p>
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**Cash outflow**

<p>Not applicable</p>	<p>Pay cash deposit of an agreed amount to translation companies and recognise as deposit paid under current asset. <i>(Note)</i></p>	<p>Pay (i) all of the subcontracting fee or (ii) the remaining balance of the subcontracting fees charged by translation companies with deposit previously paid, and recognise as cost of services.</p> <p>Pay printing fee charged by printing factories and recognise as cost of services.</p>
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*Note:* In the event that our customers decide to cease the projects, all non-refundable cash deposit received and cash deposit paid will be recognised as revenue and cost of services respectively. For further details of our deposits and/or interim payment policy, please refer to the paragraph headed “Agreements with our customers” in this section.

## BUSINESS

### SERVICES

Our services can be broadly categorised into three types, namely printing, translation and media placement. The following table sets forth the revenue attributable to each category of services provided during the Track Record Period:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Printing								
— Listing documents	22,559	22.8	41,291	30.8	7,052	31.0	5,141	25.3
— Financial reports	29,767	30.0	33,775	25.2	3,949	17.4	4,712	23.2
— Compliance documents	13,336	13.5	13,495	10.0	2,527	11.1	2,567	12.6
— Other documents	2,256	2.3	2,526	1.9	639	2.8	312	1.5
	67,918	68.6	91,087	67.9	14,167	62.3	12,732	62.6
Translation	23,664	23.9	28,850	21.5	4,918	21.6	5,015	24.7
Media placement	7,495	7.5	14,195	10.6	3,671	16.1	2,579	12.7
	<u>99,077</u>	<u>100.0</u>	<u>134,132</u>	<u>100.0</u>	<u>22,756</u>	<u>100.0</u>	<u>20,326</u>	<u>100.0</u>

The following table summarizes the number of our IPO projects with successful listed issuer during the Track Record Period and the respective percentage to the total number of companies listed on the Stock Exchange for the respective year/period:

	Year ended 31 December		Three months ended
	2013	2014	31 March 2015
Number of our IPO projects with successful listed issuer	9	16	2
Total number of companies listed on the Stock Exchange	102	115	25
Approximate % of number of our IPO projects with successful listed issuer over the total number of companies listed on the Stock Exchange	8.8%	13.9%	8.0%

For the year ended 31 December 2013 and 2014 and the three months ended 31 March 2015, we had 10, 13 and 2 IPO projects respectively which ceased to proceed and the relevant customers had subsequently settled our final billing in full as at the Latest Practicable Date. As at 31 March 2015, there were 196 uncompleted printing jobs and 185 uncompleted translation jobs which we were processing and their total contract value was approximately HK\$83.8 million.

Our customers generally engage us for our one-stop integrated service of printing, translation and media placement.

## BUSINESS

### Printing services

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, the revenue generated from the printing services represented approximately 68.6%, 67.9% and 62.6% respectively of our total revenue. Our printing services mainly include typesetting, proofreading, design, printing, binding and distribution of listing documents, financial reports, compliance documents, and other documents.

In general, revenue from the provision of printing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to our Group. In particular, revenue derived from the provision of printing services for the printing of listing documents is recognised when the respective customers are listed on the Stock Exchange, while the revenue derived from the provision of printing services for the printing of other types of documents is recognised when the relevant services are rendered and the relevant documents are published and/or delivered according to the customers instructions.

#### *Typesetting and proofreading*

Our typesetting team and proofreading team are responsible for the typesetting and proofreading of the documents respectively. Our proofreading team will ensure the accuracy and consistency of the entire document. Our Group is readily available to meet our customers’ tight printing schedules by providing round-the-clock typesetting and proofreading services. We place strong emphasis on the accuracy for typesetting the documents and implement a quality control system through the proofreading service. Once the documents have been typeset and proofread, our account servicing team will release the documents to the customers. Our account servicing team also works closely with the customers and, where appropriate, the professional parties such as investment bankers, reporting accountant and legal advisers so that the customers’ printing needs can be met promptly.

#### *Design*

We have strong design capabilities and our Group has won design awards from various organisations, details of which are set out in the paragraph headed “Awards and recognitions” under this section below. Our Directors consider that our strong design capabilities are essential for us to develop our brand and differentiate us from our competitors. Our design team is primarily responsible for providing quality design for the creative artwork and design of our customers’ financial reports or cover of the listing documents. As at the Latest Practicable Date, our Group employed eight employees in the design team, who have approximately seven years of experience in design on average. The team is led by our creative director, Mr. So Ka Lung, who has over 10 years of experience in design.

In general, a design project starts from idea generation upon customers’ request. Our design team communicates with our customers in relation to their needs, requirements and budget for design of their documents. Accordingly, our design team generates several design concepts for internal discussion and selection. Once our creative director chooses the most suitable idea for execution and confirms the overall concept or outline of the design, our design team produces the design in an advanced form with more details in formats, drawings and plans for the presentation to our customers. We keep refining the design in response to the feedback from the customers until the customers are satisfied with the design. After that, we arrange the artwork and layout of the documents for printing.

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Our design team, upon our customers’ request in some cases, accompanies the customers to visit the printing factories to ensure the printing effect of the printed documents such as the correct use of color scheme. In addition, our design team also collaborates with our sales team and print bind team to ensure that the printing effect of our design can be achieved in a cost-efficient manner.

In order to enhance its creativity, our design team not only keeps themselves abreast of the latest technologies and trend available in printing effect, but also thinks “outside of the box” such as applying lace fabrics to a design for the cover of our customer’ financial report.

### *Printing and binding*

After the production process has been completed and receiving confirmation from our customers, the projects involving printed documents undergo the printing and binding process. Having considered of the large investment requirement in printing machinery and the relatively high operation costs associated with running printing facilities which may not be economically viable until we have achieved certain level of economies of scale, we subcontract our printing and binding process to Independent Third Party printing factories. For more details of the subcontracting arrangement, please refer to the paragraph headed “Subcontracting arrangement” in this section below for more details.

We pass the finalised/approved documents to the printing factories for printing and binding. Our print bind team liaises and coordinates with the printing factories to ensure meeting printing schedule and exercises control of the printing effect of the printed documents. Occasionally, our design team and/or sales team may visit the printing factories to ensure the overall quality of the printed documents.

### *Distribution*

Similarly, distribution process is only applicable to customers requested for printed documents. Our printed documents are delivered to our customers’ designated locations in Hong Kong by our subcontractors, namely printing factories, located in Hong Kong which are responsible for arranging transportation and prompt delivery. We also engage Independent Third Party courier companies for the delivery of the printed documents to overseas locations designated by our customers. Our print bind team liaises with and closely monitors the printing factories and the courier companies to ensure timely delivery of the documents to various intended destinations.

Given that most of our printed documents are financial reports, listing documents or compliance documents such as circulars which are required to be delivered to our customers’ designated locations for circulation within a time frame required by the Listing Rules or the GEM Listing Rules, our Group does not keep any printed documents as inventory in general.

Our Directors confirm that during the Track Record Period, we have not experienced any major delay of delivery from the printing factories and the courier companies.



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### **Translation services**

Our translation services mainly involve translation of English into Chinese for all types of our printing documents, and vice versa. We currently do not have an in-house translation team. Instead, we work with an array of well-established translation companies to deliver translation services to our customers to reduce the operation costs of maintaining an in-house translation team, in particular, when we have not yet built up an established customer base. Our translation subcontractors comprise of experienced and qualified language professionals who specialise in translations and capable of applying industry specific jargons and professional business terminology to create the most language-appropriate documents for our customers.

Our Group generally selects the translation companies based on a number of criteria such as availability, customers’ preference, track records and cost of services. For further details, please refer to the paragraph headed “Criteria for selection of the subcontractors” below in this section. After selecting the most suitable one, we provide the translation companies with the relevant documents and relevant past reference, if any, regarding such customers to ensure consistency in writing style and terminology and to enhance efficiency.

Our account servicing team communicates closely with the translation companies to keep track of the progress of the translation work so as to update our customers with latest status during the whole process.

During the Track Record Period, our principal translation subcontractor was Finlang, which is led by professional translators with nearly 15 years’ experience gained from providing translation services. Except for Finlang, (a company owned as to 55% by Gold Senses which was wholly-owned by Jumbo Ace, our Controlling Shareholder, prior to the disposal of Gold Senses by Jumbo Ace on 30 December 2014), all of our translation work was subcontracted to Independent Third Party translation companies during the Track Record Period. For further details of our transactions with Finlang and the relationship between our Controlling Shareholders, Gold Senses and Finlang, please refer to the paragraph headed “Discontinued connected transactions” under this section and the paragraph headed “Relationship with Gold Senses and Finlang” under the section headed “Relationship with the Controlling Shareholders” of this document.

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our revenue generated from the translation services represented approximately 23.9%, 21.5% and 24.7% respectively of our total revenue. Revenue from the provision of translation services to our customers is recognised when the relevant services are rendered and we delivered the approved/finalised documents to our customers or their designated recipients.

### **Media placement services**

Our media placement services refer to the placing of documents on the internet and in newspapers. According to the Listing Rules and the GEM Listing Rules, listed companies are required to submit electronic copies of financial reports and other Listing Rules and the GEM Listing Rules related compliance documents, such as announcements and circulars, on the website of the Stock Exchange. Meanwhile, it is optional for listed companies to publish their announcements in newspapers by way of paid advertisement. During the Track Record Period, a total of approximately 32 customers engaged us to typeset the newspaper advertisement for them.

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The following table sets forth our revenue generated from media placement services during the Track Record Period:

	<b>Year ended 31 December</b>		<b>Three months ended</b>	
	<b>2013</b>	<b>2014</b>	<b>31 March</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>	<i>2015</i>
			<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Placing of documents on the internet	5,741	7,227	1,995	2,208
Placing of documents in newspapers	<u>1,754</u>	<u>6,968</u>	<u>1,676</u>	<u>371</u>
<b>Total</b>	<b><u>7,495</u></b>	<b><u>14,195</u></b>	<b><u>3,671</u></b>	<b><u>2,579</u></b>

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our revenue generated from media placement represented approximately 7.5%, 10.6% and 12.7% respectively of our total revenue. Our Group mainly charges our customers based on the insertion costs and other expenses which are incidental to the provision of such services. Revenue from the provision of media placement services to our customers is recognised when the relevant documents are uploaded to the website of the Stock Exchange or customers’ designated locations and/or published in newspapers.

**PRODUCTS**

Our documents can be broadly categorised into four types, namely listing documents, financial reports, compliance documents and other documents, details of which are set forth below:

<b>Product category</b>	<b>Examples of documents</b>	<b>Definition and application</b>
Listing documents	<ul style="list-style-type: none"> <li>● Listing documents</li> <li>● Documents</li> </ul>	According to the Listing Rules and the GEM Listing Rules, a listing document is required for companies that planned to be listed on the Stock Exchange. It is defined in the Listing Rules and the GEM Listing Rules as a prospectus, a circular and any equivalent document (including a scheme of arrangement and introduction document) issued or proposed to be issued in connection with an application of listing on the Stock Exchange.
Financial reports	<ul style="list-style-type: none"> <li>● Annual reports</li> <li>● Interim reports</li> <li>● Quarterly reports</li> </ul>	According to the Listing Rules and the GEM Listing Rules, listed companies on the Main Board are required to publish an annual report and an interim report annually, while the listed companies on the GEM are required to publish two quarterly reports, an interim report and an annual report annually.

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Product category	Examples of documents	Definition and application
Compliance documents	<ul style="list-style-type: none"><li>• Announcements</li><li>• Circulars</li><li>• Notices</li></ul>	<p>According to the Listing Rules and the GEM Listing Rules, listed companies will publish announcements and/or circulars under several circumstances, including but not limited to the following:</p> <ul style="list-style-type: none"><li>(a) where the Stock Exchange considers appropriate;</li><li>(b) in the cases of notifiable transactions, which is defined in the Listing Rules and the GEM Listing Rules;</li><li>(c) in the cases of voluntary disclosure by the listed companies; and</li><li>(d) in the cases of regular announcement, such as monthly returns.</li></ul>
Other documents	<ul style="list-style-type: none"><li>• Legal documents</li><li>• Company presentation materials</li></ul>	<p>Legal documents refer to the customers' internal legal documents that require printing or translation services. Company presentation materials refer to the corporate brochures, leaflets and newsletters that our customers are used for marketing purposes.</p>

### SEASONALITY

We observe a seasonal pattern in our industry. Peak season for our Group generally falls in March, April, June and July. Our Directors believe that such seasonal pattern is mainly attributable to the Listing Rules and the GEM Listing Rules requirement, pursuant to which companies listed on the Main Board and on GEM are required to publish their annual reports not later than four months and three months respectively after the end of their respective financial year. As most of our customers have their financial year end date on 31 December or 31 March, the publication for their annual reports are concentrated in March/April or June/July which become our peak season. Because of the seasonality of the business, (i) we strive to maintain the appropriate level of resources so as to keep balance between having sufficient resources to cope with the extensive workload during the peak season and minimizing our fixed operating expense during the non-peak season; and (ii) the results for any period in a year are not necessarily indicative of the results that may be achieved for the full year.

### SALES AND MARKETING

Our Directors consider that it is important for us to continue to promote our corporate image and maintain our brand recognition amongst our customers. We also strive to attract customers by conducting different sales and marketing strategies. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, the promotional expenses incurred by us were approximately HK\$406,000, HK\$495,000 and HK\$26,000 respectively. As at the Latest Practicable Date, we had nine employees primarily engaged in sales and marketing activities. Our sales and marketing efforts are led by our sales director for conducting marketing activities, handling pitching activities and soliciting new customers.

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In order to enhance our sales performance, we have implemented a commission and bonus scheme, which provides incentive and reward to our sales personnel based on the gross profit achieved by the sales personnel. The commission and bonus scheme are reviewed annually and determined by our Directors. The channels we have and the strategies we adopt in our sales and marketing are set out below:

### Websites

We operate and maintain our website, namely *www.ref.com.hk*, as an effective sales and marketing platform which provides information of our Group such as our background, products and services we provided, locations of our facilities and customer services hotlines. In order to increase our profile on the internet, we also place advertisement in websites. Our Directors believe that the use of online marketing plays a vital role in expanding our market coverage by attracting new customers and promoting our commercial presence in Hong Kong.

### Marketing materials

We prepare marketing materials featuring the range of services we offer and the list of projects we completed for distribution to our existing customers and also to our potential customers after we approached the potential customers through the cold calls. Such marketing materials are designed by our design team and are updated periodically.

### Marketing events

During the Track Record Period, we have organised wine tasting events in our office which are available to our existing customers, potential customers and other professional parties. Our Directors believe that such marketing events can maintain and enhance our relationships with our existing customers and provide an opportunity for us to introduce our Group and our services to potential customers.

## CUSTOMER SERVICES

We recognise that good customer services are crucial in enhancing our brand image and customer loyalty. Thus, our account serving team follows up with the customers throughout the production phase and the printing and distribution phase, and we closely monitor the level of satisfaction of our customers. We also gather customer feedback and review the flow of our services in order to increase our customers' satisfaction and improve our service quality. In the event that a complaint is received from our customers, our account servicing team will revert and discuss with the sales team for processing customers' complaints. Meanwhile, all of the complaints lodged by our customers in respect of our services will be considered by our Directors. Depending on the circumstances of the complaint and other factors such as our relationship with the complainant, appropriate remedial actions, such as offering for discount, will be taken and our sales team will follow up with the relevant customer in respect of the remedial arrangements. During the Track Record Period, our Group did not experience any material complaint from our customers nor did we make any compensation to our customers as a result of any customers' complaint.

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### CUSTOMERS

Our Group has a broad customer base with over 300 customers for the year ended 31 December 2013 and 2014. Our customers come from different industries and are mainly (i) listed companies, which are listed on the Stock Exchange and/or other stock exchanges; and (ii) others, which include private companies (including abolished listing applicants) and individuals.

The table below sets forth a breakdown of the number and the revenue of our customers by categories during the Track Record Period:

	Year ended 31 December						Three months ended 31 March					
	2013		2014		2014		2015					
	Number of customers	Revenue HK\$'000	Number of customers	Revenue HK\$'000	Number of customers	Revenue HK\$'000	Number of customers	Revenue HK\$'000	Number of customers	Revenue HK\$'000	%	%
Listed companies	272	92,203	93.1	268	125,081	93.3	171	20,897	91.8	181	18,421	90.6
Others <i>(Note)</i>	63	6,874	6.9	63	9,051	6.7	23	1,859	8.2	18	1,905	9.4
	<u>335</u>	<u>99,077</u>	<u>100.0</u>	<u>331</u>	<u>134,132</u>	<u>100.0</u>	<u>194</u>	<u>22,756</u>	<u>100.0</u>	<u>199</u>	<u>20,326</u>	<u>100.0</u>

*Note:* Comprising of private companies (including abolished listing applicants) and individuals

For the years ended 31 December 2013 and 2014, we had a total of 335 and 331 customers respectively, including 272 and 268 listed companies; while for the three months ended 31 March 2014 and 2015, we had a total 194 and 199 customers respectively, including 171 and 181 listed companies. Our Directors consider that we had maintained a broad customer base with over 300 customers for the years ended 31 December 2013 and 2014, which was mainly attributable to: (i) the enhanced sales and marketing effort to strengthen the business relationship with our customers; and (ii) the increase in market awareness and recognition of our Group and the quality of our services provided as we completed more and more projects. For the years ended 31 December 2013 and 2014, our revenue generated from listed companies amounted to approximately HK\$92.2 million and HK\$125.1 million respectively while our revenue generated from others amounted to approximately HK\$6.9 million and HK\$9.1 million respectively. For the three months ended 31 March 2014 and 2015, our revenue generated from listed companies amounted to approximately HK\$20.9 million and HK\$18.4 million respectively while our revenue generated from others amounted to approximately HK\$1.9 million and HK\$1.9 million respectively.

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The following table sets forth the breakdown of the numbers of our customers by nature during the Track Record Period:

	<b>Year ended 31 December</b>		<b>Three months ended 31 March</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>No. of customers</b>			
New customers	131	94	20
Recurring customers	<u>204</u>	<u>237</u>	<u>179</u>
	<u>335</u>	<u>331</u>	<u>199</u>

Our new customers are mainly (i) referred from our existing customers and professional parties such as investment bankers, reporting accountants and legal advisers; (ii) proactively approached and pitched by our sales team through the cold calls, through their own network or the business opportunities introduced by Directors or Shareholders; and (iii) walk-in customers. Our Directors believe that referrals reflect our customers’ and intermediary institutions’ satisfaction to our services. Our Directors confirm that save for Ms. Chiu whose duty and responsibility of being a sales director of our Group is to leverage on her own network and to explore business opportunities for our Group, the other Shareholders and Directors merely provided the relevant business contacts to our sales team and have limited influence on our subsequent sale and marketing process as well as on the potential customers’ decision making process. Thus, our Directors considered that the Shareholders or Directors did not “refer” any customers to our Group during the Track Record Period and confirmed that such introduction of business opportunities were not subject to any referral fee or rebate arrangement between our Group and our existing customers and intermediary institutions during the Track Record Period. Some of our new customers are secured through the business network of our management team and sales team. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, there were 204, 237 and 179 recurring customers. We believe that the recurring customers’ continuous business relationship with us indicates their recognition of the quality of our services and we consider this recognition to be a key factor leading to our success in the financial printing industry.

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The following table sets forth the details of our five largest customers during the Track Record Period:

*Five largest customers for the year ended 31 December 2013*

<b>Rank</b>	<b>Customer</b>	<b>Principal business</b>	<b>Year of business relationship*</b>	<b>Approximate % of our revenue</b>	<b>Credit terms (days)</b>
1	Customer A	Provision of automobile-related products and services including the sale of new passenger vehicles, provision of after-sales repair and maintenance services, sales of spare parts and accessories and provision of other value-added services	2	4.3	30
2	Customer B	Investment holding and provision of energy preservation and environmental protection solutions	2	3.9	30
3	Customer C	Apparel supply chain serving business and apparel retail business	4	3.2	30
4	Customer D	Manufacturing, development, distribution and trading of household electrical appliances and audiovisual products	1.5	3.0	30
5	Customer E	Property development and property investment	3	2.6	30

*Five largest customers for the year ended 31 December 2014*

<b>Rank</b>	<b>Customer</b>	<b>Principal business</b>	<b>Year of business relationship*</b>	<b>Approximate % of our revenue</b>	<b>Credit terms (days)</b>
1	Customer F	Sale and service of motor vehicles in the PRC	1.5	4.5	30
2	Customer G	Design, manufacture, marketing and sale of Swissmade premium watches	3	4.1	30
3	Customer H	Full-service restaurant chain serving Chinese cuisine in Hong Kong	1	3.7	30
4	Customer I	Offering of a wide range of men’s fashion casual wear products	2	3.6	7 (Note)
5	Customer J	Provision of onshore and offshore oil, natural gas and other mineral prospecting, exploration, drilling and exploitation and provision of general contracting, design and construction services for the oil and gas and other types of construction projects	4.5	2.9	30

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*Five largest customers for the three months ended 31 March 2015*

<b>Rank</b>	<b>Customer</b>	<b>Principal business</b>	<b>Year of business relationship*</b>	<b>Approximate % of our revenue</b>	<b>Credit terms (days)</b>
1	Customer K	Distribution of mobile phones in Hong Kong	1	18.1	30
2	Customer L	Provision of IT application and solution development services; secondment services; maintenance and support services; and IT infrastructure solutions	2	7.9	30
3	Customer M	Property investment, property development, property management, treasury investment, trading and manufacturing and hotel operation	4.5	4.6	30
4	Customer N	Development of high-end luxury hotels in the PRC	1	4.1	30
5	Customer O	Civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment, professional services including provision of security and property management services	3.5	3.4	30

*Note:* Since July 2014, the credit term offered to customer I by our Group changed from 30 days to 7 days.

\* *Up to the Latest Practicable Date*

We had maintained approximately 1 to 4.5 years of business relationships with our five largest customers up to the Latest Practicable Date. Save for Customer N who engaged us for printing services and translation services only, we have provided printing services, translation services and media placement services to all the other five largest customers above during the Track Record Period. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our Group's five largest customers in aggregate accounted for approximately 17.0%, 18.8% and 38.1% respectively of our Group's revenue while the largest customer accounted for approximately 4.3%, 4.5% and 18.1% respectively of our Group's revenue. None of our Directors, or our Shareholders (who or which own more than 5% of the issued share capital of our Company immediately following completion of the [REDACTED] and the [REDACTED] but without taking into account shares to be allotted and issued upon the exercise of options to be granted under the Share Option Scheme), or any of their respective close associates had any interest in our five largest customers during the Track Record Period.

**Agreements with our customers**

We generally enter into agreements with our customers on a project-by-project basis, with major salient terms as set out below:

***Services offered***

The agreement normally specifies the basic types of services we provide including but not limited to (i) typesetting and proofreading services; (ii) translation service; (iii) design service; and (iv) ancillary services, such as audio conferencing services and use of conference room facilities. In addition to the basic financial printing services, the agreement also specifies the possible additional items with standard rates that a project may incur for the consideration and reference to our customers. Possible additional items include (i) additional pages or documents of translation; (ii) overseas courier; (iii) newspaper placement; (iv) overtime services; and (v) urgent printing services.



## BUSINESS

### *Specification of the documents*

The agreement states the specification of the documents, including but not limited to the size, number of pages, colours, and, if applicable, paper type, finishing and quantity of our documents.

### *Payment term*

For our services in relation to listing documents, we normally request the relevant customers for a deposit of an agreed amount payable upon signing of agreements and/or submission of listing application to the Stock Exchange and the remaining balance is payable upon the successful listing of the securities of our customers on the Stock Exchange. Such deposit is non-refundable and generally ranges from HK\$100,000 to HK\$500,000. For our services in relation to other types of documents, no deposit is normally required and our fee is payable upon the delivery of the relevant document. In the event that our customers decide to cease the projects, our fee is charged for our service rendered up to the date of the project cessation and is payable upon receiving our final billing issued to the relevant customers.

In general, we offer a credit period of up to 30 days to our customers upon the issuance of the invoice.

### **Term of agreement**

In addition, we may enter into a framework agreement with the abovementioned salient terms with some listed companies. Pursuant to the framework agreement, such customers can place order within the agreement term which is usually one year, based on the price set out in the framework agreement for our services in relation to the printing of financial reports and compliance documents.

### **Provision policy**

Our policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. We closely review our trade receivable balance and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances. No impairment loss on trade receivables was recognised during the Track Record Period.

### **Pricing policy**

In formulating our service fees for a project, we take into consideration factors such as: (i) subcontractors' quotations or their list of charge rates; (ii) the costs for carrying out the projects with reference to the estimated time to be spent and the scale of the project, such as the quantity and the type of services required and the manpower which will be involved in the project; (iii) the prevailing market prices for similar services offered in the market; (iv) the size and industry of the customer; and (v) the existing relationship/potential future business opportunities with the customer. Our service fees are determined on a project-by-project basis either as set forth in the agreements or based on the fixed rates as set forth in the framework agreements between us and our customers. Our pricing policy is generally

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cost plus and do not contain price adjustment provisions in the agreements or framework agreements. Normally, the out of pocket expenses are initially borne by our Group and are billed to our customers as part of the service fees.

In reality, the final documents are generally different from the specification as set forth in the agreements, especially the number of pages and the quantity of printed documents. In addition, it is not uncommon for customers to request for additional items such as additional colour pages, overseas courier, overtime services and urgent printing services. As such, the final billing to the customers with the additional items and services may differ significantly from the amount as stated in the agreement. Although there are no price adjustment provisions in the agreements or framework agreements with our customers, it is market norm to offer a discount to the final billing and our sales team is given discretion to negotiate with and offer discounts to our customers as permitted under our discount policy. All discounts proposed by our sales team have to be approved by our sales director who takes into account factors such as the total fee involved, the past experience and relationship with the customer, and the likelihood of further business opportunity.

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, we have a rather wide price range for our services and products as indicated in the following tables.

**Price range for our services during the Track Record Period**  
*(approximate amount per job)*

	Years ended 31 December		Three months ended
	2013	2014	31 March
	HK\$	HK\$	HK\$
Printing	\$200-\$3.4 million	\$130-\$4.2 million	\$250-\$3.1 million
Translation	\$110-\$1.0 million	\$50-\$1.0 million	\$220-\$0.5 million
Media placement	\$150-\$0.5 million	\$110-\$0.9 million	\$150-\$0.2 million

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The wide price range was mainly due to the significant difference among our jobs in scope of services provided, size and type of documents involved, quantity of printed documents (if any) and the additional items incurred. Our jobs for printing services range from printing of name cards to printing of circular copies for our customer's reverse takeover transaction, and our jobs involved for our translation and media placement vary from a one-page announcement to be published on the Stock Exchange's website to an IPO project including a prospectus of several hundred pages and formal notice to be published in newspaper in relation to our customer's public offering. Our Directors consider that the above price ranges are in line with the industry norm.

### **Price range for our products during the Track Record Period** (approximate amount per project)

	Years ended 31 December		Three months ended
	2013	2014	31 March
	HK\$	HK\$	HK\$
Listing documents	\$1.2 million-\$4.1 million	\$1.3 million-\$5.9 million	\$1.6 million-\$3.7 million
Financial reports	\$8,000-\$0.9 million	\$6,600-\$0.9 million	\$13,000-\$0.9 million
Compliance documents	\$2,000-\$2.9 million	\$4,000-\$3.2 million	\$5,000-\$0.3 million

*Notes:*

1. The price range for listing documents exclude abolished IPO projects.
2. There is no specific/typical type of documents/services to be categorized as "other documents", as the category of other documents is too broad, ranging from e-submission of an announcement to the Stock Exchange to company presentation materials, and do not have a specific type of document to form a meaningful price range.

Due to the variation of the specification of the relevant documents, such as number of pages, colours and number of copies of the document, the price range by major products was broad during the Track Record Period. Listing documents refer to the minimum and maximum price for only successful IPO cases and range from projects for listing on GEM by way of placing to projects for listing on the Main Board by way of global offering (including public offer); financial reports range from single coloured quarterly report to 4-coloured annual report with gold stamp on the cover; and the compliance documents range from a few pages notice of general meeting to circular in relation to reverse takeover transaction.

### **Credit management**

We usually allow a credit period of up to 30 days upon the issuance of invoice to our customers. The length of credit period granted varies on a case-by-case basis depending on the customer's reputation and credibility, payment history and business relationship with our Group. We periodically review the credit terms and our customer's payment record and, if necessary, revise the credit terms granted to our customers after review. We also closely monitor any outstanding overdue amounts and take measures to collect any outstanding amounts. We charge our customers an overdue interest at a rate of 2.5% per month on the outstanding amount from the day it has fallen due subject to it being waived by our Directors. During the Track Record Period, we did not experience any material difficulty in collecting payment from our customers.

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In the event that our customers decide to terminate the projects, we will immediately bill the respective customers based on the actual services rendered up to the termination date. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, neither our Group nor our Directors experienced any disagreements with customers and/or any material default by our customers, which resulted in a material adverse effect on our results of operations.

### **SUBCONTRACTING ARRANGEMENT**

Having considered the large investment requirement in printing machinery and the relatively higher operation costs associated with running printing facilities and maintaining an in-house translation team, our Group decided to focus our resources on areas such as typesetting, proofreading, design and marketing and therefore subcontracted all the printing work and translation work to printing factories and translation companies respectively on a project-by-project basis during the Track Record Period. Our subcontractors are generally small- to medium-scale printing factories and translation companies in Hong Kong. Save for the Finlang Service Agreement, we did not enter into any long-term subcontracting agreements during the Track Record Period, and we usually enter into one-off purchase orders with the printing factories with defined quantity, price, specification of the printed documents, payment terms and delivery schedule. Our Directors are of the view that the subcontracting arrangement is common within the industry.

We maintained a cordial relationship with our subcontractors and will exercise all reasonable endeavours to cultivate and maintain such relationship.

#### **Printing factories**

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, we had engaged 11, 13 and 13 printing factories respectively, most of which are private companies in Hong Kong and Independent Third Parties. The Hong Kong-based printing factories allow us to better control the delivery time of the printed documents and in case of delay of delivery by the printing factories, we can source other printing factories immediately to re-print the documents and deliver to our customers. During the Track Record Period, we have not identified any material quality-related problem in products supplied by the printing factories and our Directors do not anticipate any material difficulties in sourcing of printing factories in the foreseeable future as all printing works required by our Group can be readily performed by a number of alternative printing factories in Hong Kong.

#### **Translation companies**

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, we had engaged 14, 15 and 14 translation companies respectively, most of which are private companies in Hong Kong. In addition save for Finlang, all of the other translation companies we engaged during the Track Record Period are Independent Third Parties. During the Track Record Period, we have not identified any material quality-related problem in the documents translated by the translation companies and our Directors do not anticipate any material difficulties in sourcing of translation companies in the foreseeable future as all translation works required by our Group can be readily performed by a number of alternative translation companies in Hong Kong.

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*Relationship with Finlang*

During the Track Record Period, Finlang was our largest subcontractor for translation services. We have entered into the Finlang Service Agreement with Finlang for a term of three years commencing from 11 March 2014, unless terminated by either party by giving 30 days’ prior written notice to the other. Pursuant to the Finlang Service Agreement, Finlang has agreed to provide translation and related services to our Group at service fee to be negotiated on a project-by-project basis.

To the best knowledge of our Directors, Finlang employed around 13 full-time translators as at the Latest Practicable Date. Our subcontracting fee charged by Finlang amounted to approximately HK\$6.8 million, HK\$7.2 million and HK\$1.7 million, respectively, representing approximately 42.9%, 36.6% and 50.9% of our total fee incurred for translation services for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively. During the Track Record Period, none of our customers has designated Finlang for its translation services.

Finlang was owned as to 55% by Gold Senses which was wholly-owned by Jumbo Ace, our Controlling Shareholder, prior to the disposal of Gold Senses by Jumbo Ace on 30 December 2014. For further details of the relationship between our Controlling Shareholders, Gold Senses and Finlang, please refer to the paragraph headed “Relationship with Gold Senses and Finlang” under the section headed “Relationship with the Controlling Shareholders” of this document. Our Directors confirmed that the transactions with Finlang were negotiated on a project-by-project, an arms-length basis and under normal commercial terms. As confirmed by our Directors, even though the Controlling Shareholders disposed its interest in Gold Senses, we have continued, and will continue, to subcontract the translations works to Finlang given the satisfactory quality and timely delivery of its translation services in the past.

The table below sets forth the relevant breakdown of our subcontracting fees incurred for translation services during the Track Record Period attributable to services provided by Finlang and other translation companies:

	<b>Year ended 31 December</b>				<b>Three months</b>	
	<b>2013</b>		<b>2014</b>		<b>ended 31 March</b>	
	<i>HK\$’000</i>	<i>%</i>	<i>HK\$’000</i>	<i>%</i>	<i>HK\$’000</i>	<i>%</i>
Finlang	6,795	42.9	7,196	36.6	1,651	50.9
Other translation companies	<u>9,053</u>	<u>57.1</u>	<u>12,466</u>	<u>63.4</u>	<u>1,590</u>	<u>49.1</u>
Total fees incurred for translation services	<u>15,848</u>	<u>100.0</u>	<u>19,662</u>	<u>100.0</u>	<u>3,241</u>	<u>100.0</u>

**Criteria for selection of the subcontractors**

We typically identify potential subcontractors from our industry knowledge or third-party referrals. Our Group carefully evaluates the potential subcontractors taking into account of their technical capability, track records, services, prices, production capacities, ability to complete the project in a timely manner and product quality. Based on these factors, our Group selects and maintains a list of

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approved subcontractors, which is reviewed and updated on a continuous basis. During the Track Record Period, aside from certain customers who require for or have preference to their designated translation companies or printing factories to ensure the writing style, consistency or printing quality respectively of their documents, we generally have full discretion in engaging subcontractors we considered appropriate without further consent or pre-approval from our customers.

We generally select the subcontractors based on availability, ability or capability to handle the relevant jobs (e.g. translation company with translators with knowledge of space communication for translating a prospectus of a satellite company; or a printing factory with foil stamping machine for printing an annual report with gold stamp), customers' preference, track records and cost of services. Once the most suitable subcontractor is identified, we then negotiate on the terms of services including means and time of delivery with the selected subcontractors.

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our total subcontracting fees for printing and translation services were approximately HK\$33.1 million, HK\$39.5 million and HK\$5.6 million respectively, represented approximately 63.5%, 60.5% and 51.7% of our cost of services.

### **Subcontracting agreements with our subcontractors**

We have established stable business relationships with most of our subcontractors. However, in order to maintain our flexibility, save for the Finlang Service Agreement, we have not entered into any long-term subcontracting agreements with any of our subcontractors. Instead, we engage our subcontractors, including our major subcontractors, on a project-by-project basis.

#### *Printing factories*

We usually enter into one-off purchase orders with the printing factories with definite quantity, price, product specifications, payment terms and delivery schedule. Our Directors are of the view that it is in line with industry norm. The principal terms of a typical purchase order are set out below:

- **quantity, price and types of the services.** The purchase order normally specifies the definite quantity, price and types of services to be provided by the printing factories. There is no price adjustment provisions stated in the purchase order.
- **specification of the printed documents.** The purchase order normally states the specification of the printed documents to be delivered by the printing factories, including the number of pages, paper type and printing effect of the printed documents.
- **payment terms.** In general, the printing factories generally grant to us credit terms of up to 60 days after monthly statement and no deposit is required. We generally pay the printing factories by cheque.
- **delivery.** The printing factories are generally responsible for the delivery of the printed documents to our customers' designated locations in Hong Kong.

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- **termination clause.** No termination clause is specified in the purchase order. We did not terminate any purchase order due to the printing factories' failure to meet their obligation during the Track Record Period.

*Translation companies*

We generally do not enter into any formal agreement with the translation companies. Our contractual relationship with the translation companies normally starts by our provision of customers' documents to the translation companies and ends upon the publication or release of such documents. In general, the translation companies charge us based on their list of charge rates for services provided to us, and grant to us credit terms of up to 60 days after monthly statement. Occasionally, in particular for projects in relation to listing documents, a deposit of an agreed amount may be requested from the translation companies.

There is no minimum requirement nor are we required to pay our subcontractors minimum fees for the services. During the Track Record Period, we did not experience any situation where our subcontractors had failed to fulfil any significant processing order. In addition, by mutual understanding between our subcontractors and us and in line with industry norm, all of our customers' information passed to the subcontractors must be kept confidential by our subcontractors during and after our cooperation until the information is released to the public. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any breach of confidentiality obligations by our subcontractors nor any complaints or actual claims regarding breach of confidential obligations made against us.

**SUPPLIERS**

Given our Group's business nature, our major suppliers are our subcontractors. Our Group's five largest suppliers comprised mainly printing factories and translation companies during the Track Record Period. The following table sets forth the details of our five largest suppliers during the Track Record Period:

*Five largest suppliers for the year ended 31 December 2013*

	<b>Supplier</b>	<b>Services provided</b>	<b>Year of business relationship*</b>	<b>Approximate % of our cost of services</b>	<b>Credit terms (days)</b>
1	Finlang	Translation	4.5	13.0	Repayable on demand <i>(Note)</i>
2	Subcontractor A	Printing	4.5	7.8	60
3	Subcontractor B	Printing	3	7.3	60
4	Subcontractor C	Printing	4.5	6.0	60
5	Subcontractor D	Printing	4.5	5.9	60

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*Five largest suppliers for the year ended 31 December 2014*

<b>Rank</b>	<b>Supplier</b>	<b>Services provided</b>	<b>Year of business relationship*</b>	<b>Approximate % of our cost of services</b>	<b>Credit terms (days)</b>
1	Finlang	Translation	4.5	11.0	60 ( <i>Note</i> )
2	Subcontractor B	Printing	3	8.8	60
3	Subcontractor A	Printing	4.5	6.2	60
4	Subcontractor D	Printing	4.5	5.4	60
5	Subcontractor E	Translation	3	4.3	45

*Five largest suppliers for the three months ended 31 March 2015*

<b>Rank</b>	<b>Supplier</b>	<b>Services provided</b>	<b>Year of business relationship*</b>	<b>Approximate % of our cost of services</b>	<b>Credit terms (days)</b>
1	Finlang	Translation	4.5	15.3	60 ( <i>Note</i> )
2	Subcontractor D	Printing	4.5	4.9	60
3	Subcontractor F	Translation	0.5	4.8	60
4	Subcontractor A	Printing	4.5	4.6	60
5	Supplier G	Design	4	4.1	60

*Note:* Since April 2014, the credit term offered by Finlang to our Group is 60 days.

\* *Up to the Latest Practicable Date*

Our five largest suppliers are all private companies in Hong Kong, with business relationship with us from approximately 0.5 to 4.5 years up to the Latest Practicable Date. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our five largest suppliers accounted for approximately 40.0%, 35.7% and 33.7%, respectively, of our total cost of services and our largest supplier accounted for approximately 13.0%, 11.0% and 15.3%, respectively, of our total cost of services during the same period. We were not reliant on any single supplier.

Save for Finlang, details of which are disclosed in the paragraph headed “Subcontracting arrangement — Translation companies — Relationship with Finlang” in this section above, our five largest suppliers during the Track Record Period were all Independent Third Parties, and none of our Directors or any of our Shareholders (who or which own more than 5% of the issued share capital of our Company immediately following completion of the [REDACTED] and the [REDACTED] but without taking into account Shares to be allotted and issued upon the exercise of options to be granted under the Share Option Scheme) or any of their respective close associates had any interest in our five largest suppliers during the Track Record Period.



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### COMMITMENT TO QUALITY AND CONFIDENTIALITY

#### Quality control

Our Directors consider that the ability to maintain the quality of the financial printing services would not only enhance our brand image and market recognition but is also crucial to the long term growth of our Group. In view of this, our Group places strong emphasis on training to our staff to ensure that our high standard of quality control in our production can be achieved. During the Track Record Period, we have implemented multiple points of quality control and inspection throughout our production process. Our quality control procedures are described below:

#### *Quality control during in-house production process*

Our Group places strong emphasis on the accuracy of the typesetting of the documents and implements a quality control system through the proofreading service. Once the documents have been typeset and proofread, our account servicing team releases the documents to the customers. Our account servicing team also works closely with the customers and, where appropriate, other profession parties such as investment bankers, reporting accountants and legal advisers to ensure that the customers' printing needs is met promptly. In respect of our media placement services, before placing of documents on the internet by the typesetting team, our proofreading team must review the documents and the approval for uploading the proofread documents is required from a senior personnel of account servicing team.

#### *Quality control over our subcontractors*

Our Group carefully evaluates the subcontractors taking into account of their technical capability, track records, services, prices, production capacities, ability to complete the project in a timely manner and product quality. Based on these factors, our Group selects and maintains a list of approved subcontractors, which is reviewed and updated on a continuous basis.

#### *Quality control on the production of printed documents*

In order to maintain the quality of the printing and binding process subcontracted, our print bind team liaises and coordinates with the printing factories to monitor the printing schedule and exercises control of the printing effect of the printed documents. Our design team and/or sales team may visit the printing factories to ensure the overall quality of the printed documents.

#### *Quality control on the translation work*

In order to maintain the quality of the translation work performed by the translation subcontractors, our account servicing team communicates closely with those translation companies to keep track of their progress of their translation work so as to update our customers with latest status during the whole process. Our account servicing team will promptly provide feedback to the translation subcontractors if we receive any comments from the customers.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we have not experienced any material quality control issues.

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### After distribution of documents

In the event that our finalised documents do not meet our customers' requirements or are found to contain incorrect information after physical delivery to our customers or uploading to customers' designated websites, we will take remedial actions immediately, including but not limited to re-printing of the documents and uploading clarification announcement to the Stock Exchange, to rectify the wrongdoings. During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material return or complaint from our customers as a result of quality issue which is considered by us to be attributable to our quality control measures.

### Confidentiality

During the course of provision of our services, we adhere strictly to our obligation to keep the information of our customers confidential. Our employees are trained to keep such information confidential during or after their employment with us. We expressly reiterate the confidentiality obligations in our staff manual. We regularly review our staff manual, and make any changes as necessary to improve our control measures and as required to remain in compliance with the requirements of our customers and the applicable laws and regulations. Any breach of our confidentiality obligations by our employees is considered a serious misconduct which may result in dismissal and the defaulting employee is required to compensate us in respect of any damages caused by the breach. In addition, we engage a confidential material destruction service provider to collect and handle the used papers which likely contain customers' confidential information.

In the event that we fail to comply with the foregoing confidentiality obligations or the confidential material destruction service provider fails to handle our customers' information properly, our relationships with customers and our reputation may be adversely affected and such customers may initiate legal proceedings against us for damages caused by the leakage of confidential information. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any breach of confidentiality obligations by our employees nor any complaints or actual claims regarding breach of confidential obligations made against us. There were no statutory confidentiality obligations imposed on us in relation to provision of services during the Track Record Period and up to the Latest Practicable Date.

### HEALTH AND WORK SAFETY

Our Group has established procedures to provide our staff with a safe and healthy working environment by providing work safety rules for our staff to follow. In addition, our Group provides our employees with occupational safety education to enhance their awareness of safety issues. Our Group follows the health and safety-related rules and regulations in accordance with the Occupational Safety and Health Ordinance and sets the requirements for workplace environmental control and hygiene at workplaces pursuant to the Occupational Safety and Health Ordinance. During the Track Record Period, our Group did not experience any significant incidents or accidents in relation to workers' safety or any non-compliance with the applicable laws and regulations relevant to the work safety and health issues.

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### ENVIRONMENTAL MATTERS

Because of our business nature, no pollutant is produced, emitted or discharged during the course of provision of our financial printing service. As such, we are not subject to any specific rules and regulation in relation to the environmental protection matters.

### COMPETITION

According to Ipsos, there are 26 active financial printing service providers in Hong Kong. In 2014, the top ten players in terms of revenue had total revenue of approximately HK\$1,137.5 million, representing approximately 86.7% of the total revenue for the Hong Kong financial printing industry.

Notwithstanding the relatively low technology requirements in connection with our business, the financial printing service providers in Hong Kong have a relatively high initial capital commitment. It is generally expected that the financial printing service providers in Hong Kong should be located in the central business district and offer around-the-clock services. Thus, most of the financial printing service providers in Hong Kong are subject to a relatively high office rental and a substantial amount of staff cost, electricity expenses and other miscellaneous expenses. In addition, new entrants are required to renovate their office premises so as to provide well-equipped facilities to their customers. They will also have to face the challenges of increasing printing costs and translation costs. All of the above factors create relatively high entry barriers for potential competitors to enter into the market.

In general, our Directors consider that we compete with our competitors principally on efficiency, service quality, turnaround speed, design capability and price.

On top of our competitive strengths as mentioned in the paragraph headed "Competitive strengths" under this section, we consider that (i) our emphasis on customer services; (ii) our ability to meet customers' requirements in a timely manner; and (iii) our ability to maintain the quality of our services, give us the competitive edge over our competitors. Our Directors expect that competition will remain intense in the future.

### INFORMATION TECHNOLOGY

Our Group has a fully secured suite of IT systems covering the operation of the computer and communication. Full-time IT staff is responsible for monitoring and reviewing the IT systems to ascertain the delivery of the required functionality. The IT systems for operation and the server rooms are properly safeguarded within restricted area with door access system. Our server rooms can only be accessed by designated employees.




Our servers are also protected by firewall, anti-virus software and spam filtering application along with data backup for at least every six hours on removable disk or tape to ensure business continuity in respect of irrecoverable data.

Our key servers and data storage facilities are located in Hong Kong. We have adopted contingency measures, such as server migration and database backup and recovery, which enable us to react promptly to any system or hardware failure or other contingent circumstances. During the Track Record Period, our network has not experienced any material unexpected interruptions due to the occurrence of events such as fires, hardware and software failures or telecommunication failure.

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**INTELLECTUAL PROPERTY RIGHTS**

As at the Latest Practicable Date, our Group has the following registered trademarks:

Trademark	Registered Owner	Class	Place of registration	Trade Mark No.	Effective Period
	REF Financial Press Limited	16, 35	Hong Kong	301889704	14 April 2011 to 13 April 2021
	REF Holdings (HK) Limited	16, 35	Hong Kong	302879498	27 January 2014 to 26 January 2024
	REF Holdings (HK) Limited	16, 36	Hong Kong	302879506	27 January 2014 to 26 January 2024

We had also registered our domain name, *www.ref.com.hk*. Further details of our intellectual property rights are set out in the paragraph headed “Intellectual property rights” under the section headed “Statutory and General Information” in Appendix IV to this document.

We have also entered into agreements with our employees in the design team in order to protect our intellectual property rights.

Our Directors confirm that we had not experienced any infringement to our intellectual property rights during the Track Record Period which has had a material adverse effect on our business, results of operations, financial position and prospects. Our Directors further confirm that we had not received any infringement claims nor had we filed any infringement claims against any third parties during the Track Record Period.

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### PROPERTIES, FACILITIES AND EQUIPMENT

As at the Latest Practicable Date, we did not own any landed properties. We have leased one property in Hong Kong for office and business purposes. The tenancy agreement of our leased property has a term of three years commencing from 1 November 2013 and expiring on 31 October 2016. We did not have significant difficulties in renewing our tenancy agreement in a timely manner during the Track Record Period.

Our leased property is located at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong with a gross floor area of approximately 13,000 sq. ft.. There are eight well-equipped conference rooms for our customers' use for drafting and proof reading sessions and also features state-of-the-art presentation and conferencing equipment, and a customer lounge with self-service refreshments, sofas, television and internet access.

For the period between 1 July 2011 and 31 October 2013, our Group had entered into a services agreement with a company controlled by one of our indirect Shareholders, pursuant to which, we would provide equipment, furniture and related services to it including the use of a room at our offices. As advised by our HK Legal Advisers, such arrangement may be regarded as a subletting of our premises given the wide scope of the respective restrictive clause as set out in our tenancy agreement. Accordingly, on 6 March 2014, we obtained the confirmation and agreement from the landlord of our leased premises agreeing to waive their right to claim against us, evict us or to terminate the tenancy agreement as a result of our arrangement described above. The respective services agreement ceased as at 31 October 2013.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous) Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of 31 December 2013, none of the properties held or leased by us has a carrying amount of 15% or more of our combined total assets.

### INSURANCE

Our Group maintains insurance policies against loss or damage to its office and business interruption. Our Directors believe that the insurance coverage taken out by us is in line with industry norms in Hong Kong and is adequate and sufficient for our operations. Our Directors have confirmed that we were not subject to any material insurance claims or liabilities arising from our operation during the Track Record Period.

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**AWARDS AND RECOGNITIONS**

Since the establishment of our Group, we have won a total of 123 awards, including 28 Gold awards, 32 Silver awards, 31 Bronze awards and 32 Honors in respect of our design at the ARC Awards, the Galaxy Awards, the International Astrid Awards, the Mercury Awards and the LACP Awards. Set out below is the information on our major awards:

<b>Year</b>	<b>Name of award</b>	<b>Awards</b>
2014	The 28th ARC Awards 2014 ( <i>Note 1</i> )	7 Gold, 5 Silver, 5 Bronze, 4 Honors
	The 25th Galaxy Awards 2014 ( <i>Note 1</i> )	1 Gold, 1 Silver, 1 Bronze, 2 Honors
	The 24th International Astrid Awards 2014 ( <i>Note 1</i> )	1 Bronze
	The 28th Mercury Awards 2014 ( <i>Note 1</i> )	1 Silver, 1 Bronze
2013	The 27th ARC Awards 2013 ( <i>Note 1</i> )	4 Gold, 10 Silver, 7 Bronze, 6 Honors
	The 24th Galaxy Awards 2013 ( <i>Note 1</i> )	2 Gold, 2 Silver, 2 Bronze, 2 Honors
	The 23rd International Astrid Awards 2013 ( <i>Note 1</i> )	2 Silver, 1 Honor
	LACP Vision Awards 2013 ( <i>Note 2</i> )	2 Silver, 1 Bronze
2012	The 26th ARC Awards 2012 ( <i>Note 1</i> )	8 Gold, 3 Silver, 7 Bronze, 8 Honors
	The 23rd Galaxy Awards 2012 ( <i>Note 1</i> )	1 Gold, 2 Silver, 1 Bronze, 2 Honors
	The 22nd International Astrid Awards 2012 ( <i>Note 1</i> )	1 Gold, 1 Silver
	The 26th Mercury Awards 2012 ( <i>Note 1</i> )	1 Honor
	LACP Vision Awards 2012 ( <i>Note 2</i> )	1 Gold, 1 Silver
2011	The 25th ARC Awards 2011 ( <i>Note 1</i> )	1 Gold, 1 Silver, 4 Bronze, 3 Honors
	The 22nd Galaxy Awards 2011 ( <i>Note 1</i> )	1 Bronze, 1 Honor
	The 25th Mercury Awards 2011 ( <i>Note 1</i> )	2 Honors
	LACP Vision Awards 2011 ( <i>Note 2</i> )	2 Gold, 1 Silver

1. “ARC” refers to “Annual Report Competition”. The criteria of the ARC Awards is based on how effective each annual report can communicate its company’s story. Judgement is based on the values of creativity, clarity, effectiveness and excellence. Some of the elements to be considered in the judgement of the annual reports include: cover design, president’s letter, interior design, clarity of written text, presentation of corporate information, expression of financial data, and how well the spirit of the organisation is communicated.

The criteria of the Galaxy Awards and Mercury Awards is based on the degree that the individual entry achieves its intended purpose. Judgement is based on the values of creativity, effectiveness, performance and success.

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The Astrid Awards is judged on the basis of concept creativity, clarity and production quality.

2. “LACP” refers to “League of American Communications Professionals”. The Vision Awards are presented across five tiers: platinum, gold, silver, bronze and honors. Ratings are based upon an evaluation point system measuring the effectiveness of communications materials. The Vision Awards Annual Report Competition is granted by the LACP, an organization set up in 2001 to, amongst other things, recognise those who demonstrate exemplary communications capabilities.

### INTERNAL CONTROL AND RISK MANAGEMENT

Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure. We have adopted different internal guidelines, along with written policies and procedures prior to Listing to monitor and lessen the impact of risks which are relevant to our business and control our daily business operations. The following table sets out some of the primary operational risks our business faces and our risk management measures and procedures:

<b>Risk identified</b>	<b>Risk management measures and procedures</b>
Protection of customers’ confidential information	<ul style="list-style-type: none"><li>● We require our staff to sign confidentiality agreement and we engaged a confidential material destruction service provider to collect and handle the used papers which probably contains customers’ confidential information. Please refer to the paragraph headed “Commitment to quality and confidentiality” in this section above for more details.</li><li>● To minimise our risk exposure, we will also sign confidentiality agreements with our subcontractors for printing and translation services prior to Listing.</li></ul>
Quality of subcontractors	<ul style="list-style-type: none"><li>● We have implemented multiple points of quality control and inspection throughout the production subcontracted to the printing factories and translation companies. Please refer to the paragraph headed “Commitment to quality and confidentiality” in this section above for more details.</li></ul>
Counterparty risk	<ul style="list-style-type: none"><li>● In order to minimise the risk of default payments from our customers, we have a credit control policy to govern the granting of credit terms. Please refer to the paragraph headed “Credit management” in this section above for more details.</li></ul>
IT backup	<ul style="list-style-type: none"><li>● We have set up a spare server at other location in Hong Kong prior to Listing to ensure any system failure can be recovered within a short period of time.</li></ul>

In addition, we also face various financial risks. Please refer to the paragraph headed “Quantitative and qualitative disclosure of financial risks” under the section headed “Financial information” of this document for further details. There are various other risks to our business and industry. Please refer to

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the section headed “Risk factors” of this document for more details. We will continuously monitor and improve our risk management measures to ensure that effective operation of those measures is in line with the growth of our business.

### TAXATION

We are subject to corporate profits tax for our operations in Hong Kong. In general, we are chargeable to tax on all assessable profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. Other than such corporate profits tax, our Group is not subject to any other taxes under Hong Kong tax laws. The corporate profits tax rate of Hong Kong was 16.5% during the Track Record Period. Our Directors consider that we have fully satisfied all our tax obligations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

### EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 72 employees. A breakdown of our employees by function as at the same date is set forth below.

Management, finance and administration	9
Sales	9
Production	<u>54</u>
	<u><u>72</u></u>

### Relationship with staff

We maintain good working relationships with our staff. Our Directors believe that our working environment and benefits offered to our employees have contributed to building good staff relations and retention. During the Track Record Period, we did not experience any strike or labour dispute with our staff which had a material effect on our business or results of operations.

### Employee compensation insurance

Our Group maintains employee compensation insurance for all our employees as required under the Employees’ Compensation Ordinance and other applicable laws and regulations in Hong Kong. Our Directors consider that our employee compensation insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

### Recruitment policies and training

Our Group intends to use our best effort to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development.



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With the aim to encourage our employees to continuously develop themselves by further education, we provide our employees with on-the-job training relevant to their current roles in our Group. We also provide training regarding the safety awareness and also the computer and information security. We value our employees as our assets in which we invest our resources in order for them to make a greater contribution to our success.

### Remuneration

For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, the remuneration payable to our employees included fees, salaries, retirement benefit scheme contributions and other benefits was approximately HK\$24.3 million, HK\$32.6 million and HK\$5.8 million, respectively. We determine the employee's remuneration based on factors such as qualifications, duty, contributions and years of experience. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluation to assess their performance.

### Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme in which certain eligible participants may be granted options to acquire Shares. Our Directors believe that the Share Option Scheme will assist in our recruitment and retention of quality executives and employees. A summary of the principal terms of the Share Option Scheme is set out in the section headed "Share Option Scheme" in Appendix IV to this document.

## DISCONTINUED CONNECTED TRANSACTIONS

Prior to Listing, our Group entered into certain transactions with our connected persons during the Track Record Period in the ordinary and usual course of business of our Group.

The nature of such connected transactions, which had been discontinued, is set out below:

### Translation service provided by Finlang

Finlang was our principal translation subcontractor during the Track Record Period. Finlang was owned as to 55% by Gold Senses which was wholly-owned by Jumbo Ace, our Controlling Shareholder, prior to the disposal of Gold Senses by Jumbo Ace on 30 December 2014. Gold Senses carries on the business of investment holding and is the holding company of Finlang.

Our subcontracting fee charged by Finlang amounted to approximately HK\$6.8 million, HK\$7.2 million and HK\$1.7 million respectively, representing approximately 42.9%, 36.6% and 50.9% of our total fee incurred for translation services for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively. Our Directors have confirmed that the transactions with Finlang were negotiated on a project-by-project, an arms-length basis and under normal commercial terms.

On 30 December 2014, Jumbo Ace indirectly disposed of Finlang to an Independent Third Party. As such, Finlang ceased to be a connected person of the Company. For details of the relationship between our Controlling Shareholders, Gold Senses and Finlang, please refer to the

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paragraph headed “Relationship with Gold Senses, Finlang” under the section headed “Relationship with the Controlling Shareholders” of this document. Subsequent to such disposal, we have continued, and will continue, to subcontract translation works to Finlang, and the transactions would no longer constitute connected transactions for our Company under the Listing Rules.

### **Provision of services to Aurum**

Aurum Pacific (China) Group Limited (“Aurum”) is a company whose shares are listed on the GEM (stock code: 08148). Aurum was, at the relevant time, owned as to 71.5% by Mr. Lau, one of our Controlling Shareholders and the non-executive Director.

During the Track Record Period, Aurum engaged our Group from time to time to provide financial printing services which includes typesetting, proofreading, translation, printing and web submitting of financial reports and compliance documents (the “Aurum Services”). For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, the fees payable by Aurum to our Group for the Aurum Services was approximately HK\$385,000, HK\$2,000 and nil respectively. During the period from 1 April 2015 and up to the Latest Practicable Date, we have not provided any Aurum Services to Aurum.

In May 2015, Mr. Lau ceased to be the controlling shareholder of Aurum having reduced of his interest in Aurum to 7.52%, and as such Aurum ceased to be a connected person of our Company.

Details of the discontinued connected transactions disclosed above are set out in Note 33 to the Accountants’ Report in Appendix I to this document.

## **REGULATORY COMPLIANCE**

Our HK Legal Advisers have confirmed that our Group has obtained all necessary licenses, approvals and permits that are material to our business, all of which are valid and current and, since our commencement of business operations and, save as disclosed in the paragraph headed “Non-compliance matters” below in this section, we have been in compliance in all material respects with the applicable laws and regulations in Hong Kong.

## **LEGAL PROCEEDINGS**

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, claim, administrative action or arbitration which had a material adverse effect on the operations or financial condition of our Group.

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### NON-COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, we had inadvertently contravened certain rules and regulations in Hong Kong. Set out below is a summary of the major non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date.

Relevant laws of Hong Kong	Particulars of the non-compliance	Cause and reason(s) for non-compliance	Legal consequences and potential maximum penalties and other financial liabilities	Rectification actions taken and status
Section 111 of the Predecessor Companies Ordinance	<ol style="list-style-type: none"> <li>1. REF Holdings (HK) failed to convene valid AGMs in 2012 and 2013.</li> <li>2. REF Financial failed to convene a valid AGM in 2013.</li> </ol>	<p>During the relevant period, we were not familiar with the specific requirements under the Predecessor Companies Ordinance and did not have a company secretarial department with relevant working experience to handle company secretarial matters and to ensure compliance with the Predecessor Companies Ordinance.</p>	<p>The non-compliant company and the responsible officer who failed to hold an AGM at all or in the prescribed manner as required by section 111 of the Predecessor Companies Ordinance may be fined up to HK\$50,000.</p>	<p>We had applied to the Court of First Instance of the High Court of Hong Kong on 6 February 2014 for orders to rectify such non-compliances. On 3 April 2014, orders were granted by the High Court of Hong Kong to rectify the non-compliances. Pursuant to the Court orders, the extraordinary general meeting of REF Holdings (HK) held on 6 January 2014 ("REF Holdings (HK) EGM") be deemed to be (or in substitution of) the annual general meetings of REF Holdings (HK) for the year 2012 and 2013 and the extraordinary general meeting of REF Financial held on 23 November 2013 ("REF Financial EGM") be deemed to be (or in substitution of) the annual general meeting of REF Financial for the year 2013.</p>
Section 122 of the Predecessor Companies Ordinance	<ol style="list-style-type: none"> <li>1. REF Holdings (HK) failed to lay its audited accounts at its AGMs with respect to the financial period from 28 April 2010 to 31 December 2010 and the financial years ended 31 December 2011 and 2012.</li> <li>2. REF Financial failed to lay its audited accounts at its AGM with respect to the financial year ended 31 December 2012.</li> </ol>	<p>During the relevant period, we were not familiar with the specific requirements under the Predecessor Companies Ordinance and did not have a company secretarial department with relevant working experience to handle company secretarial matters and to ensure compliance with the Predecessor Companies Ordinance.</p>	<p>A director of the non-compliant company who failed to comply with section 122 of the Predecessor Companies Ordinance may face a maximum sentence of 12 months imprisonment and fined up to HK\$300,000.</p>	<p>We had applied to the Court of First Instance of the High Court of Hong Kong on 6 February 2014 for orders to rectify such non-compliances. On 3 April 2014, orders were granted by the High Court of Hong Kong to rectify the non-compliances. Pursuant to the Court orders, the requirements under section 122 of the Predecessor Companies Ordinance was substituted by the laying of the relevant accounts of REF Holdings (HK) and REF Financial, respectively at the date of the REF Holdings (HK) EGM and the REF Financial EGM, respectively.</p>

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Please refer to the paragraph headed “Corporate governance measures to prevent recurrence of non-compliance” under this section for more details of the key measures we have adopted in order to prevent future breach and to ensure ongoing compliance of the above relevant laws of Hong Kong.

Our HK Legal Advisers have advised us that, section 122 of the Predecessor Companies Ordinance provides that imprisonment should generally not be implemented unless the non-compliance was committed wilfully. As advised by our HK Legal Advisers, even if the Companies Registry is minded to prosecute our Group, the penalty, based on recent case law, would likely be in the form of a fine. Accordingly, no provision has been made in our Group’s financial statements as the likelihood of criminal enforcement by the Companies Registry to penalise our Group for possible offences arising from past defaults is low and the financial impact of penalties is immaterial compared to the overall financial status of our Group. On 3 April 2014, the Court of First Instance of the High Court of Hong Kong granted an order allowing us to rectify such non-compliance.

Our Directors confirm that our Group has not received any penalty notice or been subject to any penalty or charge for the breach of sections 111 or 122 of the Predecessor Companies Ordinance during the Track Record Period and up to the Latest Practicable Date.

Our Directors, after carrying out enquiries on the facts and circumstances leading to the non-compliances, have considered that the non-compliances have no material financial and operational impact on our Group.

### **Corporate governance measures to prevent recurrence of non-compliance**

Our Directors are of the view that the causes of non-compliance and breaches of law in relation to our business as set out above were due to the deficiency of our corporate governance control measures in legal compliance. In response, our Group has taken the following measures to prevent future occurrence of such non-compliance and breaches and improve our corporate governance to ensure compliance with various applicable laws and regulations going forward:

- (i) our Group established the Compliance Committee comprising five members, namely Ms. Chiu and Ms. Kwok, our executive Directors, Mr. Lum Chor Wah Richard, an independent non-executive Director who will also chair the Compliance Committee, Mr. Leung Chi Hung and Mr. Wong Kun Kau, our independent non-executive Directors to manage and oversee the compliance of applicable laws and regulations by our Group. Three out of five members of the Compliance Committee are independent non-executive Directors. The members of the Compliance Committee, individually or as a whole, have unrestricted access to the legal advice given by the legal advisers of our Group. The role of the Compliance Committee includes the following:
  - to establish, maintain and approve the compliance system of our Group;
  - to support and provide instruction to ensure that each department to establish, execute and maintain its compliance system;
  - to approve the compliance manual and ensure it is updated from time to time;

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- to organise education and training programmes on compliance, including compliance seminars;
  - to monitor the status of our compliance system;
  - to investigate compliance problems and take appropriate measures when one arises (it may instruct the relevant department(s) to deal with the problem depending on its nature); and
  - to delegate the day-to-day implementation and monitoring of compliance system to our compliance officer and company secretary;
- (ii) our Group has designated Ms. Kwok to be our compliance officer, who is an associate of the Hong Kong Society of Accountants since January 1997 and a fellow member of the Association of Chartered Certified Accountants since November 2001 and has more than 26 years of experience in accounting and auditing. Given Ms. Kwok’s background and experience and that she is very familiar with the operation of various departments of our Company, our Board considers that she is the appropriate executive Director to act as our Company’s compliance officer. In order to discharge her responsibilities as the compliance officer as stipulated under GEM Listing Rule 5.20, Ms. Kwok has pro-actively advised on, reported to and assisted our Board in the implementation of our Group’s internal control procedures to ensure its continuous compliance with GEM Listing Rules as well as other applicable laws and regulations. Ms. Kwok has taken a pro-active role to monitor the implementation of our Group’s internal control procedures and to prevent any non-compliance by (i) chairing the monthly compliance meeting with each department and (ii) reviewing monthly compliance reports prepared by each department. In addition, Ms. Kwok has access to external professionals retained by our Group from time to time, including the compliance adviser, legal advisers and auditors. After Listing, Ms. Kwok, together with our relevant staff, will regularly communicate with our compliance adviser about our Group’s latest corporate issues to ensure that we are in compliance with GEM Listing Rules as well as other applicable laws and regulations. Ms. Kwok will act as the principal channel of communication between members of our Group and the Company in relation to compliance matters of our Group. Upon receipt of any queries or reports on compliance matters, Ms. Kwok will look into the matter and, if appropriate or for any compliance issue in doubt or concern, Ms. Kwok will seek advice, guidance and recommendation from the compliance adviser, legal adviser (if necessary) or external professionals and promptly report such issue to the Compliance Committee and our Board and handle the issue in a timely manner. For details of her biography, please refer to the paragraph headed “Executive Directors” under the section headed “Directors, senior management and employees” of this document;
- (iii) Our Group has designated Mr. Ko to be our company secretary. Mr. Ko is a solicitor of The Supreme Court of Hong Kong Special Administrative Region since November 1995 and The Supreme Court of England and Wales in September 1996. Mr. Ko is currently a partner at Robertsons and specialises in corporate finance law. Mr. Ko has extensive experience in dealing with matters in relation to Hong Kong listed companies. Mr. Ko will be responsible for keeping the filing register up to date on a monthly basis for all subsidiaries to ensure ongoing compliance. Mr. Ko will report to the Compliance Committee in the future in the

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event of any non-compliance with the Companies Ordinance and the Companies (Winding Up and Miscellaneous) Ordinance. For details of his biography, please refer to the paragraph headed “Company Secretary” under the section headed “Directors, senior management and employees” of this document. Our Group has also assigned our finance manager to assist the company secretary for the day-to-day compliance duties;

- (iv) in preparation for the Listing, we engaged an internal control consultant in December 2013 to review our Group’s internal control systems and procedures and to assist the Sole Sponsor in assessing the adequacy of the internal controls of our Group for amongst others, compliance with relevant legal and regulatory requirements. As advised by our Company’s internal control consultant, it performed follow-up reviews during the period from 29 January 2014 to 3 March 2014 and from 5 May 2015 to 22 May 2015. In the course of its follow-up reviews, the internal control consultant (i) conducted interviews with the designated responsible personnel and examined relevant documents to ascertain our Group’s internal control procedures were implemented; (ii) examined our Group’s written policy and procedures which stated on its internal control manual to prevent any internal control deficiencies; (iii) examined the relevant documents to ensure the internal control deficiencies have been rectified and addressed. Based on such follow-up reviews, the internal control consultant concluded that our Group has established and implemented adequate and sufficient internal control policies and procedures except for the corporate governance policies and the policies for connected transactions, notifiable transactions and inside information, for which our Group has adopted the proper written policies, but implementation of which will be upon Listing;
- (v) a detailed memorandum prepared by our HK Legal Advisers, setting out the ongoing regulatory requirements of our Directors after the Listing has been distributed to and reviewed by our Directors;
- (vi) our Directors and senior management have attended training sessions conducted by our HK Legal Advisers in February and March 2014; and have received a “Guide for Directors/Senior Management” prepared by our HK Legal Advisers in relation to the update subsequent to February 2014 on the on-going obligations and duties of directors of a publicly listed company, including sessions on the new Companies Ordinance, connected transactions, corporate governance code, dealing in securities, disclosure of inside information, notifiable transactions and dissemination of information;
- (vii) [our Company has appointed Mr. Lum Chor Wah Richard and Mr. Leung Chi Hung, who have expertise in accounting and financial management, as an independent non-executive Director. Our Company expects to draw on their experience with respect to compliance with applicable regulatory and financial reporting requirements. Please see the section headed “Directors, senior management and employees” of this document for further detailed information of their biographies;]
- (viii) [an Audit Committee has been established to review the internal control systems and procedures for compliance with the requirements of the GEM Listing Rules];

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- (ix) [our Company has appointed CLC International as our compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules]; and
- (x) in respect of regulatory filings, before the start of every financial year, our financial controller will prepare a regulatory filing calendar for each of our Group companies, setting out the dates to prepare and file (if applicable) (i) audited financial statements; (ii) tax return; (iii) any annual return; and (iv) annual general meeting agenda and minutes. Such regulatory filing calendar will be approved by a director of the respective group subsidiary (or the Compliance Committee after the Listing). The financial controller shall review the regulatory filing calendar quarterly to consider any necessary changes.

### **Views of our Directors and our Sole Sponsor**

In light of the foregoing, our Directors are of the view that we have adequate internal control procedures and policies in place to prevent further occurrence of the above non-compliances by our Group in the future.

Further, in light of the measures mentioned above, our Directors are of the view that our Group has adequate and effective internal control procedures in place for the purpose of Rule 6A.15(5) of the GEM Listing Rules, has established procedures, systems and controls that will enable us to comply with the GEM Listing Rules and other relevant legal and regulatory requirements and provide a reasonable basis for us to make a proper assessment of our financial position and prospects on an ongoing basis. After our Sole Sponsor's review of our internal control procedures and its discussion with our senior management and having considered the assessments and findings of the internal control consultant, as well as the remedial measures taken and proposed by us in connection with the above non-compliances, our Sole Sponsor, who is not expert in internal control, is not aware of any reasons to disagree with the Directors' view that the enhanced internal control measures are adequate and effective, enable us to comply with the GEM Listing Rules and relevant regulatory requirements and will provide our Group with a reasonable basis to make proper assessment of our financial position and prospect on an ongoing basis.

Furthermore, having considered the facts and circumstances leading to the non-compliance incidents as disclosed in this section and our Group's internal control measures to avoid recurrence of these non-compliances, our Directors and our Sole Sponsor are of the view that these past non-compliance incidents do not affect the suitability of our Directors to act as directors of a listed issuer under Rules 5.01, 5.02 and 11.07 of the GEM Listing Rules, and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules.

### **Deed of Indemnity**

Mr. Lau and Jumbo Ace, our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of us to provide indemnities on a joint and several basis in respect of, among other matters, any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties in connection with any failure, delay or defects of corporate or regulatory non-compliance under, or any breach of any provision or repealed provision of, the Predecessor Companies Ordinance, the Companies (Winding Up and Miscellaneous) Ordinance, the Companies Ordinance or any other applicable laws, rules or regulations or tenancy agreements on or before the date on which the [REDACTED] becomes

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unconditional. This further protects our Group from any material adverse consequence due to any claims incurred on or before the Listing Date. Further details of the Deed of Indemnity are set out in the Appendix IV to this document.

Our Directors are satisfied that our Controlling Shareholders have sufficient financial resources to honour their obligations to provide indemnities in respect of the aforesaid outstanding claim against our Group under the Deed of Indemnity. Our Directors, after carrying out enquiries on the facts and circumstances leading to the non-compliances, have considered that the non-compliances have no material financial and operational impact on our Group.



## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

### OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will hold [REDACTED] Shares, representing [REDACTED] in aggregate of the total issued share capital of our Company.

### RELATIONSHIP WITH GOLD SENSES AND FINLANG

Finlang was founded by Ms. Shum Tsz Ying, Vien (“Ms. Shum”) in November 2010 to carry on the business of provision of translation services which is incidental to the business of our Group. In order to expand Finlang’s business and to establish business relationship with our Group, Ms. Shum invited Gold Senses, a wholly-owned subsidiary of Jumbo Ace, our Controlling Shareholder prior to 30 December 2014, to subscribe for new shares in Finlang, amounting to a 55% equity interest in Finlang. In view that (i) Mr. Lau, the controlling shareholder of Gold Senses, has no management experience or expertise in operating a translation house; (ii) Finlang had, since its inception, been managed by experienced and dedicated management personnel whom Mr. Lau entrusted; and (iii) Mr. Lau had been involved in the business development of our Group and devoted a substantial amount of time as being an executive director in listed companies on the Stock Exchange, Mr. Lau considered the subscription for shares in Finlang as an investment with potential reasonable return. Thus, Gold Senses had remained as a passive investor in Finlang without any board representation or management control of Finlang since its investment in Finlang in April 2011. Meanwhile Ms. Shum, the founder of Finlang, has been the sole director of Finlang since its incorporation.

In order to formalize such arrangement, a shareholders’ agreement was entered into between Gold Senses and the other shareholders of Finlang (namely Ms. Shum and Mr. Ma Wing Hong, Eric (“Mr. Ma”)) on 10 March 2014 with retrospective effect from 6 April 2011. The major terms of which are set out below: (a) it was formally agreed that the board of directors of Finlang shall consist of a majority of directors appointed by Ms. Shum; (b) Ms. Shum’s appointed director shall preside as chairman of meetings of the board of directors of Finlang; (c) the quorum for meetings of the board of directors of Finlang must comprise a Ms. Shum’s appointed director; and (d) Gold Senses undertook with Finlang, Mr. Ma and Ms. Shum that it would not, and would procure its associates not to, whether directly or indirectly, take part in, interfere with, or in any way be involved in, management or operation of Finlang, including but not limited to the operation of the financial department or any financial decision making of Finlang. The shareholders’ agreement shall take effect so long as Gold Senses and/or any of its associates holds not less than a 10% interest in Finlang.

Ms. Shum and Mr. Ma hold 35% and 10% of the issued shares in Finlang, respectively. Both of Ms. Shum and Mr. Ma are Independent Third Parties and do not have any interest in our Group. Ms. Shum and Mr. Ma previously worked in another financial printing services provider and were ex-colleagues of our executive Directors.

Finlang was disposed of by our Controlling Shareholder via the disposal of the entire issued share capital of Gold Senses to an Independent Third Party on 30 December 2014 at a consideration of US\$130,000 which was based upon the net asset value of Finlang as shown in its management accounts as of 30 December 2014. Having taken into consideration that (a) following the Listing, our Group plans to establish an in-house translation team to provide translation services complementary to our financial printing services; (b) from the legal perspective, our Controlling Shareholders, through Gold Senses, had

## **RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS**

no control in Finlang pursuant to the aforementioned shareholders’ agreement entered into between Gold Senses and the other shareholders of Finlang (namely Ms. Shum and Mr. Ma) on 10 March 2014 with effect from 6 April 2011; (c) from the accounting perspective, Finlang was not controlled by Gold Senses and thus, Finlang was not under common control of our Controlling Shareholders, as such, Finlang did not form part of the combining entities of our Group and was not combined into our Group’s combined financial statements pursuant to Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants; and (d) the other shareholders of Finlang have requested that Finlang remains a private company, we decided to exclude Finlang from our Group by disposing of it to an Independent Third Party. In this regard, our Directors confirm that (i) Finlang was profit making during the Track Record Period; and (ii) if Finlang was included in our Group, our net cash generated from operating activities before changes in working capital and taxes paid would be not adversely affected during the Track Record Period and we are still able to meet the minimum cashflow requirement under Rule 11.12A(1) of the GEM Listing Rules.

### **RULE 11.04 OF THE GEM LISTING RULES**

Each of our Controlling Shareholders, our Directors and their respective close associates do not have any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

### **INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS**

#### **Management independence**

Although our Controlling Shareholders will retain controlling interests in our Company upon completion of the [REDACTED], the day-to-day management and operation of the business of our Group will be the responsibility of all our executive Directors and senior management of our Company. Our Board has six Directors comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Our Board and senior management operate as a matter of fact independently of our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after the Listing of our Company on the Stock Exchange without reference to our Controlling Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum. In addition, our Company has an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above 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 Company is capable of managing our Group’s business independently from the Controlling Shareholders.

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

### **Operational independence**

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. We have sufficient operational resources, such as office premises, sales and marketing and general administration resources to operate our business independently. Our Group has also established a set of internal controls to facilitate the effective operation of our business. Although during the Track Record Period, we had entered into transactions with Aurum Pacific (China) Group Limited (“Aurum”), which was, at the relevant time, owned as to 71.5% by Mr. Lau, our Controlling Shareholder and non-executive Director, as detailed in the paragraph headed “Discontinued connected transactions” under the section headed “Business” of this document. Such transaction amount is immaterial and Mr. Lau ceased to be the substantial shareholder of Aurum in May 2015 by reducing his shareholding interests in Aurum to 7.52%. Accordingly, we do not rely on referral of business opportunities from our Controlling Shareholders and have operational independence from them.

During the Track Record Period, save as disclosed in the paragraph headed “Discontinued connected transactions” under the section headed “Business” of this document, none of our Controlling Shareholders and/or their close associates has been our suppliers (including our subcontractors) and customers which provided any critical services or materials for our operation during the Track Record Period. Our Directors believe that we do not unduly rely on our Controlling Shareholders or their associates and have our independent access to our suppliers (including our subcontractors) and customers.

### **Financial independence**

We have our own accounting and finance department and independent financial system and make financial decisions according to our own business needs. We also have our own treasury function and independent access to third party financing. We had obtained borrowings from Jumbo Ace of approximately HK\$13.1 million and HK\$4.0 million for the establishment of our business in 2010 and 2011 respectively. Following thereon, we obtained in aggregate HK\$4.0 million and HK\$6.0 million borrowings from Ms. Kong and Mr. Lau respectively between 2011 and 2013 to further expand and speed up our business progression. The amount of borrowings from Ms. Kong and Mr. Lau were fully repaid by June 2012 and May 2013 respectively. The amount of borrowings from Jumbo Ace of approximately HK\$17.0 million was fully repaid during the year ended 31 December 2014. On 31 December 2010, Mr. Lau gave a personal guarantee in respect of our rental of various Fuji Xerox equipment used in connection with our ordinary course of business. The rental agreement concerning the abovementioned Fuji Xerox equipment was replaced by a new rental agreement effective on 1 April 2015 and the personal guarantee given by Mr. Lau was cancelled as at 31 March 2015. Save for the above, there were no other borrowing, guarantee or pledge provided from our Controlling Shareholders during the Track Record Period and up to the Latest Practicable Date.

In view of our Group’s internal resources and the estimated net proceeds from the [REDACTED] of new Shares, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders. Therefore, our Group will be financially independent from our Controlling Shareholders and/or any of their respective associates.

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

### NON-COMPETITION UNDERTAKINGS

#### *From the Controlling Shareholders*

Our Controlling Shareholders (each a "Covenantor" and collectively, the "Covenantors") entered into the Deed of Non-Competition in favour of our Company, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warrants and undertakes to our Company (for ourselves and as trustee for each of its subsidiaries) that:

- (a) he/she/it will not, and will procure any Covenantor and his/her/its associates (each a "Controlled Person" and collectively, the "Controlled Persons") and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-Competition, shall not include any member of our Group) (the "Controlled Company") not to, except through any member of the Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in any territory that our Group carries on its business from time to time ("Restricted Business");
- (b) when any Controlled Person and/or any Controlled Company is offered or become aware of any new project or business opportunity ("New Business Opportunity") directly or indirectly to engage or become interested in a Restricted Business, he/she/it (i) shall promptly notify the Company of such New Business Opportunity in writing, refer the same to the Company for consideration first and provide such information as may be reasonably required by the Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Controlled Persons or Controlled Company shall not, invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by the Company and the principal terms of which he/she/it and/or his/her/its associates invest or participate in are no more favourable than those made available to the Company.

The restrictions which each of the Covenantors has agreed to undertake pursuant to the non-competition undertaking will not apply to such Covenantors in the circumstances where he/she/it has:

- (a) the holding of or interests in shares or other securities by any of the Convenantors and/or his/her/its associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:
  - (i) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant consolidated turnover or consolidated assets of the company in question, as shown in the latest audited accounts of the company in question; or

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (ii) the total number of the shares held by any of the Convenantors and his/her/its associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Convenantors and his/her/its associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its associates) a larger percentage of the shares in question than the Convenantors and his/her/its associates together hold.

The non-competition undertaking will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantor, being a Controlling Shareholder, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the issued Shares, or otherwise ceased to be regarded as controlling shareholder (as defined under the GEM Listing Rules from time to time) of the Company; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

## CORPORATE GOVERNANCE MEASURES TO SAFEGUARD THE INTEREST OF SHAREHOLDERS

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of Shareholders:

- (1) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested unless a majority of the independent non-executive Directors expressly requested him/her to attend;
- (2) the independent non-executive Directors will review on a quarterly basis the compliance with the respective non-competition undertaking by the Controlling Shareholders;
- (3) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the quarterly review by the independent non-executive Directors and the enforcement of the respective non-competition undertaking;
- (4) our Company will disclose decisions with basis on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the respective non-competition undertaking of the Controlling Shareholders in the annual reports of our Company;
- (5) our Controlling Shareholders will make an annual declaration on compliance with their respective non-competition undertaking in the annual report of our Company;
- (6) the independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective associates to involve or participate in a Restricted Business, and if so, any condition to be imposed; and

## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (7) the independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertakings or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

**FUTURE PLANS AND USE OF PROCEEDS**

**BUSINESS OBJECTIVES AND STRATEGIES**

Please refer to the paragraph headed “Business strategies” in the section headed “Business” of this document for our business objectives and strategies.

**IMPLEMENTATION PLAN**

In pursuance of the above business objectives set, the implementation plans of the Group are set forth below for each of the six-month periods until 31 December 2017. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk factors” of this document.

**For the period from the Latest Practicable Date to 31 December 2015**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Set up an in-house translation team	<ul style="list-style-type: none"> <li>● Lease additional office area for the translation team</li> <li>● Recruit approximately twenty staff for the translation team</li> <li>● Acquire new office facilities for translation team</li> <li>● Purchase equipment and software</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software	<ul style="list-style-type: none"> <li>● Hire additional staff for production department</li> <li>● Acquire office facilities, equipment and software</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Strengthen our design capabilities	<ul style="list-style-type: none"> <li>● Hire additional design personnel</li> <li>● Provide more design-related trainings</li> <li>● Purchase various equipment and software to strengthen the design efficiency and capability</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]

**FUTURE PLANS AND USE OF PROCEEDS**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Enhance our brand awareness and recognition	<ul style="list-style-type: none"> <li>● Continue to conduct advertising, marketing and promotional activities to enhance our brand awareness and attract new customers</li>   <li>● Enhance the content of our website to attract new customers</li> </ul>	To be funded by internal resources

**For the six month ending 30 June 2016**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Set up an in-house translation team	<ul style="list-style-type: none"> <li>● Maintain the operation of newly established translation team</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software	<ul style="list-style-type: none"> <li>● Maintain the quality of services to capitalise on the growing demand in the market</li>   <li>● Acquire office facilities, equipment and software</li>   <li>● Adopt renovation projects</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Strengthen our design capabilities	<ul style="list-style-type: none"> <li>● Provide more design-related trainings</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our brand awareness and recognition	<ul style="list-style-type: none"> <li>● Continue to conduct advertising, marketing and promotional activities to enhance our brand awareness and attract new customers</li> </ul>	To be funded by internal resources



**FUTURE PLANS AND USE OF PROCEEDS**

**For the six month ending 31 December 2016**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Set up an in-house translation team	<ul style="list-style-type: none"> <li>● Maintain the operation of newly established translation team</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software	<ul style="list-style-type: none"> <li>● Maintain the quality of services to capitalise on the growing demand in the market</li> <li>● Continue to improve and upgrade office facilities, equipment and software based on the needs of customers</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Strengthen our design capabilities	<ul style="list-style-type: none"> <li>● Provide more design-related trainings</li> </ul>	To be funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our brand awareness and recognition	<ul style="list-style-type: none"> <li>● Continue to conduct advertising, marketing and promotional activities to enhance our brand awareness and attract new customers</li> </ul>	To be funded by internal resources

**For the six month ending 30 June 2017**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Set up an in-house translation team	<ul style="list-style-type: none"> <li>● Maintain the operation of newly established translation team</li> </ul>	To be partially funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software	<ul style="list-style-type: none"> <li>● Maintain the quality of services to capitalise on the growing demand in the market</li> <li>● Continue to improve and upgrade office facilities, equipment and software based on the needs of customers</li> </ul>	To be partially funded by net proceeds from the [REDACTED] of approximately [REDACTED]

**FUTURE PLANS AND USE OF PROCEEDS**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Strengthen our design Capabilities	<ul style="list-style-type: none"> <li>● Provide more design-related trainings</li> </ul>	To be partially funded by net proceeds from the [REDACTED] of approximately [REDACTED]
Enhance our brand awareness and recognition	<ul style="list-style-type: none"> <li>● Continue to conduct advertising, marketing and promotional activities to enhance our brand awareness and attract new customers</li> </ul>	To be funded by internal resources

**For the six month ending 31 December 2017**

<b>Business strategies</b>	<b>Implementation activities</b>	<b>Source of funding</b>
Set up an in-house translation team	<ul style="list-style-type: none"> <li>● Maintain the operation of newly established translation team</li> </ul>	To be funded by internal resources
Enhance our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software	<ul style="list-style-type: none"> <li>● Maintain the quality of services to capitalise on the growing demand in the market</li> <li>● Continue to improve and upgrade office facilities, equipment and software based on the needs of customers</li> </ul>	To be funded by internal resources
Strengthen our design Capabilities	<ul style="list-style-type: none"> <li>● Provide more design-related trainings</li> </ul>	To be funded by internal resources
Enhance our brand awareness and recognition	<ul style="list-style-type: none"> <li>● Continue to conduct advertising, marketing and promotional activities to enhance our brand awareness and attract new customers</li> </ul>	To be funded by internal resources

**BASES AND ASSUMPTIONS**

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no change in the funding requirement for each of our future plans described in this document from the amount as estimated by our Directors;

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

- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the [REDACTED] will be completed in accordance with and as described in the section headed “Structure and conditions of the [REDACTED]” of this document;
- our Group will be able to retain key staff in the management and the main operational departments;
- our Group will be able to continue its operation in substantially the same manner as the Group has been operating during the Track Record Period and our Group will also be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of the Group; and
- our Group will not be materially affected by the risk factors as set out under the section headed “Risk factors” of this document.

### **REASONS FOR THE [REDACTED]**

The [REDACTED] will enhance our Group’s reputation and capital base and provide our Group with additional working capital to implement the future plans set out in the paragraph headed “Implementation plan” above. Furthermore, a public listing status on the Stock Exchange will facilitate our sales and marketing activities including cold calls, help to further differentiate our brand from the other players in the financial printing industry and enhance the confidence of our customers in us. Our Group can also access to capital markets for corporate finance exercise to assist future business development and strengthen our competitiveness. On operational level, the Listing will also strengthen our corporate governance practice.

### **USE OF PROCEEDS**

We estimate that the aggregate net proceeds of the [REDACTED] (after deducting underwriting fees and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] Price of [REDACTED] per [REDACTED] Share, being the mid-point of the indicative [REDACTED] Price range of [REDACTED] to [REDACTED] per [REDACTED] Share) will be approximately [REDACTED]. We currently intend to apply such net proceeds in the following manner:

- approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for setting up an in-house translation team, among which approximately [REDACTED] (or approximately [REDACTED] of the estimated net proceeds) for setting up and renting an office for the team and approximately [REDACTED] (or approximately [REDACTED] of the estimated net proceeds) for recruitment of translators and other related expenses;

## FUTURE PLANS AND USE OF PROCEEDS

- approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for enhancing our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software;
- approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds, for strengthen our design capabilities;
- the remaining of the proceeds of approximately [REDACTED], representing approximately [REDACTED] of the estimated net proceeds will be applied as general working capital and other general corporate purposes of the Group.

For the period from the Latest Practicable Date to 31 December 2017, our net proceeds from the [REDACTED] will be used as follows:

	From the Latest Practicable Date to 31 December 2015 <i>(HK\$ million)</i>	For the six months ending 30 June 2016 <i>(HK\$ million)</i>	For the six months ending 31 December 2016 <i>(HK\$ million)</i>	For the six months ending 30 June 2017 <i>(HK\$ million)</i>	For the six months ending 31 December 2017 <i>(HK\$ million)</i>	Total <i>(HK\$ million)</i>
Set up an in-house translation team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	—	[REDACTED]
Enhance our competitiveness through expansion of our workforce, improving and acquiring office facilities, equipment and software	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	—	[REDACTED]
Strengthen our design capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	—	[REDACTED]
<b>Total</b>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>—</u>	<u>[REDACTED]</u>

The balance of approximately [REDACTED] will be used as general working capital of our Group.

If the [REDACTED] Price is set at the high-end of the indicative [REDACTED] Price range at [REDACTED] per [REDACTED], the net proceeds from the [REDACTED] will increase to approximately [REDACTED]. If the [REDACTED] is set at the low-end of the indicative [REDACTED] range, at [REDACTED] per [REDACTED] Share, the net proceeds from the [REDACTED] will decrease to approximately [REDACTED]. If the [REDACTED] is finally determined to be less than [REDACTED] (being the mid-point of the indicative range of the [REDACTED]), our Group will reduce the proposed use of net proceeds on a pro rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If the [REDACTED] is finally determined to be more than [REDACTED], our Group will apply the additional net proceeds to the above purposes in the same proportions as set out above.

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

To the extent that the net proceeds from the [REDACTED] are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. Our Directors consider that the net proceeds from the [REDACTED] together with the internal resources of the Group will be sufficient to finance the implementation of the Group’s business plans as set out in the paragraph headed “Implementation plan” in this section of this document.

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described in the paragraph headed “Implementation plan” in this section of this document due to various factors such as changes in customers’ demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong until the relevant business plan materialises.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### DIRECTORS

The Board currently consists of six Directors comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth the information regarding the members of the Board.

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Role and responsibilities
<i>Chairman and non-executive Director</i>					
Mr. Lau Man Tak (劉文德)	45	Chairman and non-executive Director	28 April 2010	7 March 2014	Strategic planning but not involved in the day to day management of our group’s business operation
<i>Executive Directors</i>					
Ms. Chiu Hok Yu (趙鶴茹)	44	Executive Director	1 April 2011	5 February 2014	Overall management and corporate development and strategic planning
Ms. Kwok Kam Lai (郭琴麗)	53	Executive Director	1 January 2011	5 February 2014	Overall management of our financial, human resources and administration departments
<i>Independent non-executive Directors</i>					
Mr. Leung Chi Hung (梁志雄)	59	Independent non-executive Director	[REDACTED] 2015	[REDACTED] 2015	Chairman of the Audit Committee, member of the Remuneration Committee, Nomination Committee and Compliance Committee, overseeing our Group’s compliance, internal control, corporate governance, but not participating in the day-to-day management of our business operation
Mr. Wong Kun Kau (黃灌球)	54	Independent non-executive Director	[REDACTED] 2015	[REDACTED] 2015	Chairman of the Nomination Committee, member of the Audit Committee, Remuneration Committee and Compliance Committee, overseeing our Group’s compliance, internal control, corporate governance, but not participating in the day-to-day management of our business operation
Mr. Lum Chor Wah Richard (林楚華)	55	Independent non-executive Director	[REDACTED] 2015	[REDACTED] 2015	Chairman of the Remuneration Committee and Compliance Committee, member of the Audit Committee and Nomination Committee, overseeing our group’s compliance, internal control, corporate governance, but not participating in the day-to-day management of our business operation

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### SENIOR MANAGEMENT

Our senior management comprises the following persons:

Name	Age	Position	Date of joining our Group	Role and responsibilities
Mr. Lee Sai Hong (李世康)	42	Chief Operating Officer	1 January 2012	Responsible for operations including account servicing, production and information technology
Ms. Law Lai Yee, Teresa (羅麗宜)	35	Sales Director	1 January 2011	Responsible for sales and marketing
Mr. So Ka Lung (蘇嘉龍)	47	Creative Director	1 January 2011	Overseeing design direction and quality control of artwork production process

#### Company secretary

Mr. Ko Wai Lun Warren	47	Company Secretary	30 April 2014	Responsible for corporate secretarial matters
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#### Compliance officer

Ms. Kwok Kam Lai (郭琴麗)	53	Compliance Officer	1 January 2011	Ensuring compliance of our Group with all rules, regulations and laws
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### Chairman and non-executive Director

**Mr. LAU Man Tak (劉文德)**, aged 45, is the chairman and the non-executive Director of our Company and the founder of our Group. His role and responsibility in our Group is strategic planning although he does not have day to day management of our business operations. Mr. Lau graduated from the Hong Kong Polytechnic University with a bachelor’s degree of arts in accountancy in November 1991. Mr. Lau has more than 15 years of experience in corporate finance, accounting and auditing. He is a certified public accountants of the Hong Kong Institute of Certified Public Accountants since September 1997, a fellow member of The Hong Kong Institute of Directors since August 2012 and a member of the Hong Kong Securities Institute (later renamed as the Hong Kong Securities and Investment Institute) since April 2000. He was an executive director, the chairman, authorised representative and the compliance officer of Aurum Pacific (China) Group Limited (stock code: 8148) (“Aurum”) from June 2012 to September 2014 and the substantial shareholder of Aurum from March 2012 to May 2015. Mr. Lau ceased to be the substantial shareholder of Aurum by reducing his shareholding interests in Aurum to 7.52%. Mr. Lau has been an independent non-executive director of Sincere Watch (Hong Kong) Limited (stock code: 444) since June 2012, Jackin International Holding Limited (later renamed as AMCO United Holding Limited) (stock code: 630) since October 2010,

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Climax International Company Limited (later renamed as KuangChi Science Limited) (stock code: 439) since March 2008, Golden Resorts Group Limited (later renamed as Kingston Financial Group Limited) (stock code: 1031) since October 2005, Kong Sun Holding Limited (stock code: 295) from September 2008 to April 2014, Starbow Holdings Limited (later renamed as Jun Yang Solar Power Investments Limited) (stock code: 397) from September 2003 to May 2006 and Pacific Challenge Holdings Limited (later renamed as New Times Energy Corporation Limited) (stock code: 166) from February 2004 to July 2005. Mr. Lau was also an executive director and chief financial officer of China Grand Forestry Green Resources Group Limited (later renamed as China Sandi Holdings Limited) (stock code: 910) from April 2010 to September 2012 and an executive director of Iwai’s International Holdings Limited (later renamed as China Gas Holdings Limited) (stock code: 384) from September 1997 to October 2001, Premium Land Limited (later renamed as REX Global Entertainment Holdings Limited) (stock code: 164) from October 2001 to August 2005, Warderly International Holdings Limited (later renamed as Fullshare Holdings Limited) (stock code: 607) from December 2007 to January 2010, FT Holdings International Limited (later renamed as Guocang Group Limited (stock code: 559) from September 2004 to March 2007 and Solartech International Holdings Limited (stock code: 1166) from January 2002 to March 2007.

Mr. Lau was a director of the following companies, which were all incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reasons for dissolution
Billion Gateways Limited	Investment	Not applicable/ 1 September 2006	Voluntary deregistration dissolved pursuant to the Companies (Winding Up and Miscellaneous) Ordinance (“Deregistration”)	Cessation of business
Blandor International Limited	Investment	31 August 1998/ 15 February 2006	Creditors’ voluntary winding up	Cessation of business <i>(Note 1)</i>
Champion Era Limited	Investment	Not applicable/ 21 March 2003	Striking off dissolved pursuant to the Companies (Winding Up and Miscellaneous) Ordinance (“Striking Off”)	Cessation of business
Duke Metal Limited	Commodities trading	Not applicable/ 2 December 2005	Deregistration	Cessation of business
Glad Bright Limited	Investment	Not applicable/ 6 December 2002	Striking Off	Cessation of business
Grandyet Limited	Investment	Not applicable/ 9 August 2002	Striking Off	Cessation of business
Huey Tai Management Services Limited	Investment	Not applicable/ 12 July 2002	Striking Off	Cessation of business



**DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

<b>Name of company</b>	<b>Principal business activity prior to dissolution</b>	<b>Date of commencement of winding up procedure/Date of dissolution</b>	<b>Means of dissolution</b>	<b>Reasons for dissolution</b>
Huey Tai Properties Management Limited	Investment	Not applicable/ 12 July 2002	Striking Off	Cessation of business
Huey Tai Property Development Limited	Investment	Not applicable/ 12 July 2002	Striking Off	Cessation of business
Kingford Investment Company, Limited	Investment	17 July 2002/ 30 August 2007	Compulsory winding up	Cessation of business (Note 2)
M. Paris Hong Kong Limited	Fashion retail	11 June 1998/ 10 January 2006	Creditors' voluntary winding up	Cessation of business (Note 1)
New Delicate Printing Limited	Investment	Not applicable/ 23 March 2007	Striking Off	Cessation of business
Nice & Bright Limited	Property investment	Not applicable/ 8 August 2014	Deregistration	Cessation of business
On Line Education Limited	Investment	29 May 2002/ 29 November 2006	Compulsory winding up	Cessation of business (Note 3)
Renouveau (H.K.) Limited	Fashion retail	19 February 1998/ 10 January 2006	Creditors' voluntary winding up	Cessation of business (Note 1)
Richmen Investment Limited	Investment	Not applicable/ 10 January 2014	Deregistration	Cessation of business
Sinoboorn Limited	Investment	Not applicable/ 11 October 2002	Striking Off	Cessation of business
Talow Investment Limited	Investment	Not applicable/ 22 November 2002	Striking Off	Cessation of business
Topwayson Company Limited	Investment	Not applicable/ 10 January 2003	Striking Off	Cessation of business
Tradekey Investments Limited	Investment	Not applicable/ 21 March 2003	Striking Off	Cessation of business
Uniwin Company Limited	Investment	Not applicable/ 11 October 2002	Striking Off	Cessation of business

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

*Notes:*

- (1) Keng Fong Sin Kee Construction and Investment Company Limited ("Keng Fong") (presently known as Heng Fai Enterprises Limited) (stock code: 185) was the ultimate holding company of the subject companies and Mr. Lau was the financial controller of Keng Fong and its group companies ("Keng Fong Group"). Because of the Asia financial crisis in around 1998, the business of Keng Fong Group was heavily affected and Keng Fong Group did not repay its loans. Therefore, the board of directors of Keng Fong decided to wind up the subject companies by means of creditors' voluntary winding up.
- (2) Mr. Lau was the financial controller of Keng Fong Group, the holding company of Kingford Investment Company, Limited ("Kingford"). Because of the Asia financial crisis in around 1998, the business of Keng Fong Group was heavily affected and Kingford did not pay its rent. Therefore, Kingford's then landlord sued against Kingford for the recovery of the sum of approximately HK\$0.4 million being arrears of rent for the period from 1 November 2000 to 30 April 2001.
- (3) Mr. Lau was the financial controller of Keng Fong Group. Keng Fong invested in On Line Education Limited ("On Line Education") and nominated Mr. Lau as a director of On Line Education. However, Mr. Lau had never been involved in the management of the company. Later, On Line Education's business declined and On Line Education did not pay its employees their wages. Therefore, the employees brought an action against On Line Education in the Labour Tribunal for outstanding wages in arrears in the aggregate sum of approximately HK\$1.3 million.

Mr. Lau confirmed that there is no wrongful act on his part leading to the above dissolutions and is not aware of any actual or potential claim has been or will be made against him as a result of the dissolutions, and that his involvement in the above companies was part and parcel of his services and that no misconduct or misfeasance had been involved in the dissolution of these companies.

Save as disclosed above, Mr. Lau has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document.

### **Executive Directors**

**Ms. CHIU Hok Yu (趙鶴茹)**, aged 44, is an executive Director of our Company and the sales director of REF Financial. Ms. Chiu joined our Group in April 2011 and is responsible for our Group's overall management, corporate development and strategic planning. Ms. Chiu completed her secondary education in Hong Kong in June 1988. Ms. Chiu has more than 18 years of experience in the financial printing industry. Prior to joining our Group, she was the marketing manager of Vite Limited (now known as Toppan Vite Limited), a financial printing company for over 3 years and was responsible for sales and marketing activities. She was also the director of iOne Financial Press Limited, a financial printing company in Hong Kong from 2000 to 2010 and was responsible for the overall management and corporate development. Ms. Chiu served as an executive director of iOne Holdings Limited (stock code: 982) from March 2008 to March 2010 and was responsible for the group's overall management, corporate development and strategic planning.

Ms. Chiu was a director of Team Chance Limited, Richmen Investment Limited and Nice & Bright Limited, all companies were incorporated in Hong Kong, prior to their dissolution on 22 December 2000, 10 January 2014 and 8 August 2014 respectively, by way of Deregistration because the above companies ceased to carry on any business or operation. Under section 750 of the Companies Ordinance and section 291AA of the Predecessor Companies Ordinance, an application to deregister a private company can only be made if (a) all the members of the company agree to the deregistration; (b) the

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) the company has no outstanding liabilities.

Ms. Chiu confirmed that there is no wrongful act on her part leading to the dissolution of the companies and she is not aware of any actual or potential claim that has been or will be initiated against her as a result of the dissolution of the companies, and that her involvements in Team Chance Limited, Richmen Investment Limited and Nice & Bright Limited was part and parcel of her services and that no misconduct or misfeasance had been involved in the dissolution of both companies.

During the three years immediately preceding the date of this document, Ms. Chiu has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

**Ms. KWOK Kam Lai (郭琴麗)**, aged 53, is an executive Director of our Company and the financial controller and administration and human resources director of REF Financial. Ms. Kwok joined our Group in January 2011 and is responsible for overseeing the administration, human resources affairs and financial control of our Group. Ms. Kwok has been in the financial printing industry for over 16 years and has over 27 years of experience in auditing and accounting prior to joining our Group. From April 1991 to April 1994, Ms. Kwok worked at The Glorious Sun (Holdings) Limited which is a Hong Kong company and its main business activities was fashion garment manufacturing and her last position was an accounting manager. She was responsible for overseeing the daily accounting operations of the company's subsidiaries. From September 1994 to June 1996, Ms. Kwok worked as an accountant at Inter-Cassette (Hong Kong) Limited, a manufacturer of audio and video consumable products. She was responsible for overseeing the daily accounting operations of the company. From September 1996 to March 2006, she worked at RR Donnelley Roman Financial Limited which is a financial printing company in Hong Kong with last position as regional finance manager of Asia in the accounts department. From November 2006 to February 2010, Ms. Kwok served as a financial controller, human resources and administration director of iOne (Regional) Financial Press Limited, a financial printing company in Hong Kong. Her job responsibilities at both RR Donnelley Roman Financial Limited and iOne (Regional) Financial Press Limited was similar, in which she was responsible for overseeing the administration and human resources affairs of the companies and in charge of their accounts department. Ms. Kwok has been an associate of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since January 1997 and a fellow member of The Association of Chartered Certified Accountants since November 2001.

During the three years immediately preceding the date of this document, Ms. Kwok has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

### **Independent Non-executive Directors**

**Mr. Leung Chi Hung (梁志雄)**, aged 59, is an independent non-executive Director. He was appointed on [REDACTED] 2015. Mr. Leung has over 38 years experience in audit and taxation. He is currently a director of Philip Leung & Co. Limited, a certified public accountants firm.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Leung is a fellow of the Chartered Association of Certified Accountants and the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since October 1991 and December 1993 respectively. Mr. Leung is also a registered financial planner of the Society of Registered Financial Planners of Hong Kong since October 2005 and a fellow of the Taxation Institute of Hong Kong since March 2000.

From April 2009 to April 2011, Mr. Leung served as an independent non-executive director of Temujin International Investments Limited (stock code: 204) (later renamed as China Investment Development Limited). Mr. Leung is currently an independent non-executive director of Daido Group Limited (stock code: 544), Eforce Holdings Limited (stock code: 943), and Finet Group Limited (stock code: 8317).

Mr. Leung was a director of Sunnyvale Investment Limited and Jolly First Capital Limited, which were both incorporated in Hong Kong, prior to their dissolutions by way of Deregistration on 10 August 2007 and creditor's voluntary winding-up on 19 August 2004, respectively. Mr. Leung was appointed as the director of Jolly First Capital Limited solely for the purpose of winding up the company after the disappearance of the company's then director. Mr. Leung confirmed that there is no wrongful act on his part leading to the deregistration or dissolution and is not aware of any actual or potential claim has been or will be made against him as a result of the deregistration or dissolution. His involvement in the above companies was part and parcel of his services and that no misconduct of misfeasance had been involved in the deregistration or dissolution of these companies. In fact Jolly First Capital Limited was finally solvent upon dissolution.

Save as disclosed above, Mr. Leung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document.

**Mr. WONG Kun Kau (黃灌球)**, aged 54, is an independent non-executive Director of the Company. He was appointed to our Board on [REDACTED] 2015 and does not hold any position with other members of the Group. Mr. Wong has more than 21 years of experience in investment banking and corporate finance. He is currently the founder and managing partner of Bull Capital Partners Ltd. ("**Bull Capital**"), a fund management company specializing in direct investment in the greater China region. Prior to joining Bull Capital, Mr. Wong held senior management positions with several multinational financial institutions including BNP Paribas Capital (Asia Pacific) Limited from January 1998 to November 2007, where he left as head of Asia investment banking. Mr. Wong is a non-executive director of Sun.King Power Electronics Group Limited, a company listed on the Stock Exchange (stock code: 580) (principally engaged in trading and manufacturing of power electronic components) since May 2010. He is also the independent non-executive director of West China Cement Limited (principally engaged in manufacture and sale of cement and cement products) since July 2010, Anhui Conch Cement Company Limited ("**Anhui Conch**") (principally engaged in manufacture and sales of clinker and cement products) since May 2012, Lifestyle Properties Development Limited (principally engaged in property development and property investment) since August 2013 and China Shengmu Organic Milk Limited (principally engaged in dairy farming and liquid milk businesses) since June 2014, all of which are listed on the Stock Exchange (stock code: 2233, stock code: 914, stock code: 2183 and stock code: 1432, respectively); Anhui Conch is additionally listed on The Shanghai Stock Exchange (stock code: 600585).

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wong received his bachelor’s degree in Social Sciences of The University of Hong Kong in November 1982.

Save as disclosed above, Mr. Wong did not hold directorships in any public listed companies in the last three years.

**Mr. LUM, Chor Wah Richard** (林楚華), aged 55, is an independent non-executive Director. He was appointed on [REDACTED] 2015. Mr. Lum has over 20 years of experience in finance industry. From 31 July 2014 to 15 May 2015, he was an independent non-executive director of China Solar Energy Holdings Limited (stock code: 155) (“China Solar”). From September 2010 to June 2011, he was the executive director and chief executive officer of Finet Group Limited (stock code: 8317) and was responsible for overseeing the corporate development and strategic planning. Mr. Lum is currently a director of CCIB Opportunity Income Growth Fund and CCIB SPC, both Cayman Islands registered funds. Mr. Lum is also a director and a responsible officer (Type 4 and Type 9) of United Gain Investment Limited, a licensed entity in Hong Kong by the SFC carrying out Type 4 (Advising in Securities) and Type 9 (Asset Management) regulated activities.

Mr. Lum graduated from the University of Hong Kong with a bachelor’s degree of science in November 1981. He further pursued and obtained a master’s degree in business administration from the Chinese University of Hong Kong in December 1983. In June 2008, he obtained a master’s degree in law majoring in Economic Law from the Renmin University of China. Mr. Lum has been a fellow member of the Hong Kong Institute of Directors since December 2002, an associate and then a fellow member of the International Financial Accountant of the United Kingdom since November 2003 and April 2011 respectively, a certified risk planner of the Institute of Crisis and Risk Management, Hong Kong since March 2004, a member and registered financial planner of Society of Registered Financial Planners, Hong Kong since September 2002, a qualified financial planner in China since December 2006 and a member of the Hong Kong Securities and Investments Institute since May 2014.

Mr. Lum was a director of the following companies, which were all incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reasons for dissolution
Cheer Alliance Limited	Trading	Not applicable/ 1 April 2005	Deregistration	Cessation of business
CWAP (HK) Limited	Telecom	26 October 2005/ 26 May 2008	Compulsory winding up	Cessation of business (Note 1)
Digital Nunet Exchange Limited	Telecom	22 September 2004/ 30 April 2012	Compulsory winding up	Cessation of business (Note 1)
Digitel Technologies Limited	Consultancy	Not applicable/ 14 September 2007	Striking Off	Cessation of business

**DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

Name of company	Principal business activity prior to dissolution	Date of commencement of winding up procedure/Date of dissolution	Means of dissolution	Reasons for dissolution
Fairate Limited	Property investment	24 November 1999/ 6 June 2003	Compulsory winding up	Cessation of business (Note 2)
Finsen Trading Limited	Trading	Not applicable/ 3 December 2010	Striking Off	Cessation of business
Innovative Development Company Limited	Investment	Not applicable/ 26 February 2010	Striking Off	Cessation of business
Innovative International (H.K) Limited	Manufacturing and trading	5 August 2002/ 8 August 2008	Compulsory winding up	Cessation of business (Note 2)
International Communications Corporation Limited	Investment	Not applicable/ 20 April 2012	Striking Off	Cessation of business
Rhino Toys Manufacturing Limited	Toys manufacturing	5 July 1999/ 12 April 2010	Compulsory winding up	Cessation of business (Note 2)
Victorison Logistics Limited	Investment	Not applicable/ 22 January 2010	Striking Off	Cessation of business
Wall Street Financial Consultant Co. Limited	Investment	Not applicable/ 13 July 2007	Striking Off	Cessation of business

*Notes:*

- (1) Mr. Lum was a director of Digital World Holdings Limited (“Digital World”) (presently known as Good Fellow Resources Holdings Limited) (stock code: 109), the holding company of the subject companies. In 2003, there was a change in the controlling shareholder of Digital World which subsequently ceased the business of the subject companies. The employees of the subject companies became redundant and the subject companies failed to pay their employees. Therefore, the employees of the subject companies brought an action against the subject companies for all the outstanding amounts in arrears, which consisted of salary and compensation.
- (2) Mr. Lum was an executive director of Innovative International (Holdings) Limited (“Innovative Holdings”) (presently known as Sinopoly Battery Limited) (stock code: 729), the holding company of the subject companies. Mr. Lum subsequently, was redesignated as a non-executive director of Innovative Holdings and was not involved in the daily management of Innovative Holdings and/or the subject companies. Because of the Asia financial crisis in around 1998, Innovative Holdings was in financial difficulty and was unable to fund the subject companies for repayment of loans or debts. Therefore, (i) a contractor of a property project developed by Fairate Limited brought an action against Fairate Limited for the outstanding amounts in arrears in the approximate amount of HK\$6.5 million; (ii) Innovative International (H.K.) Limited eventually defaulted on its banking facilities callable on demand and the bank applied to wind-up Innovative International (H.K.) Limited; and (iii) Rhino Toys Manufacturing Limited was unable to repay a bank loan in the sum of approximately HK\$2.4 million and the bank petitioned to wind up Rhino Toys Manufacturing Limited in April 1999.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lum confirmed that there is no wrongful act on his part leading to the dissolutions and is not aware of any actual or potential claim has been or will be made against him as a result of the dissolutions, and that his involvement in the above companies was part and parcel of his services and that no misconduct or misfeasance had been involved in the dissolution of these companies.

As disclosed in the announcement of China Solar dated 31 March 2015, China Solar received a winding-up petition presented by Crown Master International Trading Company Limited (“Crown Master”) on 26 March 2015. Crown Master claims that China Solar has failed to repay Crown Master a sum of HK\$36,667,800, being the principal amount of convertible notes payable by China Solar under an agreement in respect of the acquisition of the entire issued share capital in Stream Fund High-Tech Group Corporation Limited. Mr. Lum was an independent non-executive director of China Solar on the date the winding-up petition was received by China Solar and has no personal involvement in the winding-up case or the relevant claim against China Solar.

Save as disclosed above, Mr. Lum has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document.

### Senior Management

**Mr. LEE Sai Hong (李世康)**, aged 42, is the chief operating officer of REF Financial. Mr. Lee joined our Group in January 2012 and is responsible for REF Financial’s operations and management, including account servicing, production and information technology. He graduated from The Hong Kong University of Science and Technology with a bachelor’s degree in Chemistry in November 1996. Mr. Lee has over 13 years of experience in the financial printing industry. Prior to joining the Group, he served as an information technology specialist responsible for customer service, production control, system and application development in Equity Financial Press Limited, a financial printing company in Hong Kong from September 1996 to March 2004 and from June 2008 to January 2011.

**Ms. LAW Lai Yee Teresa (羅麗宜)**, aged 35, is the sales director of REF Financial. Ms. Law joined our Group in January 2011 and is responsible for the sales and marketing activities and general management of REF Financial. Ms. Law graduated from the University of British Columbia, Canada in May 2003 with a bachelor’s degree in arts. Ms. Law has 9 years of experience in sales and marketing. Prior to joining our Group, Ms. Law served as a sales manager in iOne Financial Press Limited, a financial printing company in Hong Kong from March 2006 to December 2010. Her main responsibility was to explore new business opportunities and promote financial printing services to potential customers.

**Mr. SO Ka Lung (蘇嘉龍)**, aged 47, is the creative director of REF Financial. Mr. So joined our Group in January 2011 and is responsible for overseeing design direction and quality control of the artwork production process of REF Financial. Mr. So obtained a diploma in design (packaging/advertising) from the Shatin Technical Institute (now known as “Hong Kong Institute of Vocational Education (Shatin)”) in September 1988. Mr. So has over 10 years of experience in design. Prior to joining our Group, Mr. So Ka Lung started his design career as an art editor in a local newspaper, Tin Tin Daily News from August 1985 to November 1986. Subsequently, he had been employed as an art director in The Design Associates Ltd. (“TDA”) from February 2003 to April 2005. TDA is a design graphic house which focuses on designing annual reports and corporate brochure. From April 2005 to

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

September 2010, Mr. So served as the head of design department in iOne Financial Press Limited, a financial printing company in Hong Kong. His main responsibilities included creative direction, printing quality control, artwork supervision, corporate identity and house brand building.

### Company Secretary

**Mr. Ko Wai Lun Warren** (高偉倫), aged 47, is the company secretary of our Company. Mr. Ko has been a solicitor of The Supreme Court of Hong Kong Special Administrative Region since November 1995 and The Supreme Court of England and Wales since September 1996. He obtained his Bachelor of Science from Simon Fraser University, Canada in June 1990 and Bachelor of Laws from the University of Leeds, England in July 1992. He is currently a partner at Robertsons and specialises in corporate finance law.

Mr. Ko is a non-executive director of various listed companies, namely Global Tech (Holdings) Limited whose shares are listed on the Main Board (stock code: 143) and the Singapore Exchange Securities Trading Limited, since September 2003, Li Heng Chemical Fibre Technologies Limited whose shares are listed on the Singapore Exchange Securities Trading Limited, since December 2007, China Bio Cassava Holdings Limited whose shares are listed on GEM (stock code: 8129), since February 2014 and Roma Group Limited whose shares are listed on GEM (stock code: 8072), since March 2014.

### Compliance officer

**Ms. KWOK Kam Lai** (郭琴麗), is the compliance officer of our Company. Please refer to the paragraph headed "Executive Directors" above for her biography.

## REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of fixed monthly salaries in accordance with their respective employment contracts with our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the business operations. Our Group regularly reviews and determines the remuneration and compensation packages of its 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 the performance of our Group. After Listing, the Company's Remuneration Committee will review and determine the remuneration and compensation packages of the 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.

During the Track Record Period, the aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors was approximately HK\$2,295,000 and HK\$3,625,000 and HK\$337,000 for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, respectively.



## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015.

### **OUR GROUP'S RELATIONSHIP WITH STAFF**

Our Group recognises the importance of a good relationship with its employees. The remuneration payable to our employees includes salaries and allowances.

### **CORPORATE GOVERNANCE**

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the Corporate Governance Code and the associated GEM Listing Rules.

### **BOARD COMMITTEES**

#### **Audit Committee**

Our Company established an Audit Committee pursuant to a resolution of our Directors passed on [REDACTED] 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of our Company. At present, the Audit Committee of our Company consists of three members who are Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. Mr. Leung Chi Hung is the chairperson of the Audit Committee.

#### **Remuneration Committee**

Our Company established a Remuneration Committee on [REDACTED] 2015 with written terms of reference in compliance with paragraph B1.1 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are to make recommendation to the board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration. The Remuneration Committee consists of four members who are Ms. Chiu Hok Yu, Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. Mr. Lum Chor Wah Richard is the chairperson of the Remuneration Committee.

## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

### **Nomination Committee**

Our Company established a Nomination Committee on [REDACTED] 2015 with written terms of reference. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The Nomination Committee consists of four members who are Ms. Chiu Hok Yu, Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. Mr. Wong Kun Kau is the chairperson of the Nomination Committee.

### **Compliance Committee**

Our Company established a Compliance Committee on [REDACTED] 2015 with written terms of reference. The primary duties of the Compliance Committee are to establish, maintain and approve the compliance system of our Group; support and provide instruction to ensure that each department to establish, execute and maintain its compliance system; approve the compliance manual and ensure it is updated from time to time; organise education and training programmes on compliance, including compliance seminars; monitor the status of our compliance system; investigate compliance problems and take appropriate measures when one arises (it may instruct the relevant department(s) to deal with the problem depending on its nature); and to delegate the day-to-day implementation and monitoring of compliance system to our compliance officer and company secretary. The Compliance Committee consists of five members who are Ms. Chiu Hok Yu, Ms. Kwok Kam Lai, Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard. Mr. Lum Chor Wah Richard is the chairperson of the Compliance Committee.

### **COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed CLC International to be the compliance adviser, who will have access to all relevant records and information relating to the Company that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by the Company, including share issues and share repurchases;
- (iii) where the Company proposes to use the proceeds of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of the Company deviate from any forecast, estimate (if any) or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of the Company under Rule 17.11 of the GEM Listing Rules.

## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

The terms of appointment shall commence on the Listing Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is the earlier.

### **SHARE OPTION SCHEME**

We conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised under the paragraph headed “Share Option Scheme” in Appendix IV to this document.

## SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Number of Shares held after the [REDACTED]	Percentage of shareholding after the [REDACTED]
Jumbo Ace	Beneficial Owner	[REDACTED]	[REDACTED]
Rising Luck	Interest in controlled corporation ( <i>Note 1</i> )	[REDACTED]	[REDACTED]
Mr. Lau	Interest in controlled corporation ( <i>Note 2</i> )	[REDACTED]	[REDACTED]
Ms. Lim Youngsook	Family Interest ( <i>Note 3</i> )	[REDACTED]	[REDACTED]

*Notes:*

- (1) Rising Luck owns 80% of the entire issued share capital of Jumbo Ace, the remaining 15% of which is owned by Independent Third Parties and 5% of which is owned by Mr. Lau.
- (2) Mr. Lau owns 76.25% of the issued share capital of Rising Luck, the remaining 23.75% of which is owned by an Independent Third Party. He also has a direct 5% interest in Jumbo Ace as disclosed above.
- (3) Ms. Lim Youngsook is the spouse of Mr. Lau and is therefore deemed to be interested in the Shares owned by Mr. Lau (by himself and through his controlled corporations).

Save as disclosed above, our Directors are not aware of any person who will, immediately following the [REDACTED] and the [REDACTED] (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

### SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, save for the persons disclosed in the paragraph headed "Substantial Shareholders" under this section, no persons individually and/or collectively will, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of options that may be

## **SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS**

granted under the Share Option Scheme), be entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of our Company and are therefore regarded as significant shareholders under the GEM Listing Rules.

### **UNDERTAKINGS**

[REDACTED]

## SHARE CAPITAL

### SHARE CAPITAL

The table below set forth information with respect to the authorised and issued share capital of our Company before and following the completion of the [REDACTED] and [REDACTED] is as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>[REDACTED]</u>	Shares	<u>[REDACTED]</u>
<i>Shares in issue or to be issued, fully paid or credited as fully paid:</i>		
[REDACTED]	Shares in issue as at the date of this document at par value HK\$0.01 each	[REDACTED]
[REDACTED]	Shares to be issued pursuant to [REDACTED] ( <i>Note</i> )	[REDACTED]
<u>[REDACTED]</u>	Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>
<u>[REDACTED]</u>	Total	<u>[REDACTED]</u>

*Note:* Pursuant to the written resolutions of the Sole Shareholder passed on [REDACTED] 2015, conditional upon the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the [REDACTED] by the Company pursuant to the [REDACTED], the Directors were authorised to capitalise the amount of [REDACTED] from the amount standing to the credit of the share premium account of the Company and to appropriate such amount as to pay up in full at par [REDACTED] Shares for allotment and issue to the persons whose names appeared on the register of members of the Company at the close of business on [REDACTED] 2015 (or as each of them may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their respective shareholdings in the Company, and the Shares to be allotted and issued shall rank pari passu in all respects with the then existing issued Shares.

### ASSUMPTIONS

The tables as shown above assume the [REDACTED] becoming unconditional and the allotment and issue of Shares pursuant thereto and under the [REDACTED] and [REDACTED] are made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares as referred to in the paragraph headed “General Mandate to Issue Shares” or the paragraph headed “General Mandate to Repurchase Shares” below, as the case may be.

### RANKING

The [REDACTED] will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this document, and will qualify for all dividends or other distributions declared, made or paid after the date of this document, save for entitlements under the [REDACTED].

## SHARE CAPITAL

### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this document.

### GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the paragraph headed “Conditions of the [REDACTED]” under the section headed “Structure and Conditions of the [REDACTED]” of this document being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with 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 the Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the [REDACTED] and the [REDACTED]; and
- (b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed “General Mandate to Repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please refer to the sub-paragraph headed “Resolutions in writing of the Sole Shareholder passed on [REDACTED] 2015” in Appendix IV to this document.

### GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions as stated in the paragraph headed “Conditions of the [REDACTED]” under the section headed “Structure and Conditions of the [REDACTED]” being fulfilled, our Directors have been granted a general unconditional mandate to exercise all the powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than

## SHARE CAPITAL

10% of the aggregate nominal value of the Company’s share capital in issue immediately following the completion of the [REDACTED] and the [REDACTED] (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the sub-paragraph headed “Repurchase by our Company of its own securities” in Appendix IV to this document.

The general mandate to repurchase Shares will remain in effect until:

- (i) the conclusion of our Company’s next annual general meeting;
- (ii) the expiration of the period within which the Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (iii) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please refer to the sub-paragraph headed “Resolutions in writing of the Sole Shareholder passed on [REDACTED] 2015” in Appendix IV to this document.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

The circumstances under which general meeting and class meeting are required are provided in our Articles of Association. For details, please see the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this document.



## FINANCIAL INFORMATION

*You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as at and for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, including the notes thereto, included in the Accountants’ Report in Appendix I to this document. Our combined financial information has been prepared in accordance with HKFRSs. The following discussion and analysis contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth in the section headed “Risk Factors” and elsewhere in this document.*

### BUSINESS OVERVIEW

Our Group is principally engaged in the provision of financial printing services for the financial sector in Hong Kong. We offer to our customers a wide range of convenient and quality financial printing services, from typesetting, proofreading, translation, design, printing, web submitting, newspaper placement to distribution, within which, translation and printing are subcontracted to a panel of subcontractors. Our financial printing services cover printing of listing documents, financial reports, compliance documents and other documents. In addition to the core services we offer, we also provided ancillary services such as provision of conference room facilities, which could cater for our customers’ different requirements. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our total revenue was approximately HK\$99.1 million, HK\$134.1 million and HK\$20.3 million respectively.

Our services can be broadly categorised into three types, namely printing, translation and media placement. Printing is our mainstream of revenue, representing approximately 68.6%, 67.9% and 62.6% of our total revenue respectively for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015. Our customers are mainly listed companies on the Stock Exchange and/or other stock exchanges, accounting for over 90% of our total revenue for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively.

### BASIS OF PRESENTATION

Pursuant to the Reorganisation as fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” of the Document, the Company become the holding company of the companies now comprising the Group on [REDACTED] 2015. The companies now comprising the Group were under the common control of Mr. Lau before and after the Reorganisation. Accordingly, the Financial Information has been prepared on the basis by applying the principles of merger accounting as if the Reorganisation has been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows include the results and cash flows of the companies now comprising our Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period or since their respective date of incorporation, where there is a shorter period. The combined statements of financial position of our Group as at 31 December 2013 and 2014 and 31 March 2015 have been

## FINANCIAL INFORMATION

prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated on combination.

The financial information is presented in Hong Kong dollars, which is the same as the functional currency of the Company and its principal subsidiaries.

### **FACTORS AFFECTING FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR GROUP**

Our Group's financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below.

#### **Exposure to potential uncertainty with respect to our revenue from time to time**

We, in general, do not enter into any long-term agreements with our customers and our sales are concluded on a project-by-project basis. There is no assurance that any of our customers will continue to choose us as their financial printing service provider in the future. Further, our success is partly attributable to our ability to maintain our existing customers and attract new customers, which depends on a variety of factors such as the effectiveness of our marketing strategies. There is no assurance that we will be able to do so. Therefore, our results of operations may fluctuate significantly in the future.

#### **Variations in types of services required by our customers and defer payments**

Our revenue may vary from period to period depending upon the types of services required by our customers. In addition, the progress of our projects, especially for those in relation to listing documents and compliance documents, are subject to various factors such as the clearance from the respective regulators, which are out of our control and will affect our cash flows generated from operations. Any delays in the completion of our projects may defer payments from our customers, and hence, adversely affect our cash flows and results of operations. If the projects cannot be completed after a substantial amount of time and costs have been incurred by our Group, our results of operations and financial position may be adversely affected.

#### **Maintenance of our historical rapid business growth in the future**

Our Group has been expanding the business rapidly. Our revenue increased from approximately HK\$99.1 million for the year ended 31 December 2013 to approximately HK\$134.1 million for the year ended 31 December 2014, representing a growth rate of approximately 35.3%. Our Group needs to manage the growth effectively, which may entail devising and implementing business plans effectively, training and managing the growing workforce, managing the costs and implementing adequate control and reporting systems in a timely manner. There is no assurance that our Group will be able to maintain such rapid business growth in the future.

## FINANCIAL INFORMATION

### Performance of the subcontractors

Our Group does not have any printing facilities and translation team during the Track Record Period and our Group therefore subcontracts the printing work to printing factories and translation work to translation companies as subcontractors on a project-by-project basis. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, the subcontracting fees for printing and translation services represented approximately 63.5%, 60.5% and 51.7%, respectively, of the total costs of services provided by our Group. For the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015, our largest subcontractor, Finlang, accounted for approximately 20.5%, 18.2% and 29.6%, respectively, of our total subcontracting fees for printing and translation services.

However, save for the Finlang Service Agreement, details of which are set out in the paragraph headed "Subcontracting Arrangement" under the section headed "Business" of this document, our Group has not entered into any long-term agreement with these subcontractors for the printing and translation services. There is no assurance that these subcontractors will not increase their fees in the future. In the event that any of these subcontractors fail to provide the required services to our Group or there is any substantial increase in the printing and translation fees or any termination of the provision of the printing and translation services by any of these subcontractors, and replacement cannot be found, our business, results of operations and financial position may be adversely affected.

For illustrative purpose only, the below table illustrates the sensitivity on our profit resulting from hypothetical fluctuation in cost of subcontracting fee for printing and translation services for the years indicated:

	<b>Changes in subcontracting fee for printing and translation services</b>	
	increase by 19.2%	decrease by 19.2%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hypothetical fluctuation <sup>(1)</sup>		
Change in cost of subcontracting fee for printing and translation services		
For the year ended 31 December 2013	6,352	(6,352)
For the year ended 31 December 2014	7,570	(7,570)
For the three months ended 31 March 2014	1,242	(1,242)
For the three months ended 31 March 2015	1,071	(1,071)
Change in profit for the year/period <sup>(2)</sup>		
For the year ended 31 December 2013	(6,352)	6,352
For the year ended 31 December 2014	(7,570)	7,570
For the three months ended 31 March 2014	(1,242)	1,242
For the three months ended 31 March 2015	(1,071)	1,071

*Notes:*

- (1) Hypothetical fluctuation is assumed to be 19.2% with reference to the change in our cost of subcontracting fee for printing and translation services during the Track Record Period.
- (2) Save for the hypothetical fluctuation in cost of subcontracting fee for printing and translation services, all other factors are assumed to be unchanged.

## FINANCIAL INFORMATION

### Competition

The financial printing services industry is competitive in Hong Kong. Based on the Directors’ knowledge and experience in the financial printing services, most of the listing documents, financial reports, compliance documents and other documents are handled by a number of companies specialised in financial printing services in Hong Kong.

During the Track Record Period, our revenue derived from customers which are companies listed on the Stock Exchange and/or other stock exchanges accounted for over 90% of the total revenue generated by the Group. As at 31 March 2015, there were 1,775 companies listed on the Stock Exchange and the Group had conducted business transactions with over 300 listed companies for the years ended 31 December 2013 and 2014. The Group’s financial condition and revenue will be affected by its ability to remain competitive.

In addition, the Group also competes with other financial printing services providers in Hong Kong which offer similar services for printing job in relation to listing documents, financial reports, compliance documents and other documents.

### Changes in the rules and regulations governing the companies listed on the Stock Exchange

During the Track Record Period, our customers were mainly companies listed on the Stock Exchange, which are subject to the compliance of all the applicable laws and regulations, including but not limited to, the Listing Rules and the GEM Listing Rules. In accordance with the Listing Rules and the GEM Listing Rules, they are required to disseminate corporate information to the public by way of announcements, circulars and financial reports and in the case of IPOs, companies are required to issue printed listing documents to the public. Any change in such laws and regulations such as the implementation of new requirement for companies to list on the Stock Exchange, or the abolishment of or amendment to disclosure requirements imposed on listed companies, may adversely affect the demand for our services, which may in turn materially and adversely affect our business, results of operations and financial position.

In addition, pursuant to the joint consultation conclusions published by SFC and the Stock Exchange on 26 November 2010, issuers of equity securities and debentures are allowed to issue paper application forms in public offers without being accompanied by paper listing documents if they comply with the conditions in a class exemption under the Companies (Winding Up and Miscellaneous) Ordinance. The related rule amendments came into effect on 1 February 2011. Accordingly, any further amendments to the existing laws and regulations governing the companies listed on the Stock Exchange, if introduced, on the methods to disseminate corporation information to the public, may affect the demand of printed documents, and hence adversely affect our business, results of operations and financial position.

Furthermore, according to the new sponsor regulation, “Consultation Conclusions on the regulation of IPO sponsors” published by SFC, which became effective on October 2013 and the related guidance letters issued by the Stock Exchange, starting from 1 April 2014, the companies that intend to be listed on the Stock Exchange are required to submit the Chinese version of the listing documents to the Stock Exchange once they submit their listing application to the Stock Exchange. In view of such new rules and regulations, the demand for the translation services has increased.

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### **Exposure to the risks associated with the commercial real estate rental market**

During the Track Record Period and up to the Latest Practicable Date, the property occupied by us for our office and business purposes was leased from an Independent Third Party. Rental expenses accounted for approximately 9.2%, 8.0% and 13.2%, respectively, of our total revenue for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015. The respective tenancy agreement has a term of three years expiring on 31 October 2016. Accordingly, we are susceptible to the rental fluctuation upon expiry. In the event that there is any significant increase in the rental expenses for our existing leased property upon renewal, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

### **Seasonality**

Our business has experienced seasonality, which may affect our revenue. Historically, peak season for our Group generally falls in March, April, June and July. Our Directors believe that such seasonal pattern was mainly attributable to the Listing Rules and the GEM Listing Rules requirement, pursuant to which companies listed on the Main Board and on the GEM are required to publish their annual reports not later than 4 months and 3 months respectively after the end of that financial period. Any reduction in the revenue during the peak season may have an adverse material impact on our overall revenue and financial performance. We may be exposed to risks associated with such seasonal factors. Furthermore, our business, financial condition and results of operations may be adversely affected if our operation is disrupted or affected by unpredictable events taking place during the peak season.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Our Group has identified below the accounting policies that it believes are the most critical to its preparation of its combined financial statements. For more details of our Group's accounting policies, please refer to Appendix I to this document.

### **Revenue recognition**

Revenue from the provision of financial printing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group. In view of our business nature, the timing of our customers' shares being listed on the Stock Exchange for projects related to listing documents and the publication of financial reports, compliance documents and other documents are considered as specific acts which are much more significant than other acts in a financial printing services contract, and thus the recognition of revenue is postponed until the execution of the such significant acts.

- Revenue from the provision of printing services for the printing of listing documents is recognised when the relevant services are rendered to the relevant customers, which approximates the time when the customers are listed on the Stock Exchange, while the revenue from the provision of printing services for printing financial reports,

## FINANCIAL INFORMATION

compliance documents and other documents is recognised when the relevant services are rendered to the relevant customers, which approximates the time when the customers publish the relevant documents.

- Revenue from the provision of translation services to our customers is recognised when the relevant services are rendered to the relevant customers, which approximates the time when we deliver the approved/finalised documents to the customers or their designated recipients.
- Revenue from the provision of media placement services to our customers is recognised when the relevant services are rendered to the relevant customers, which approximates the time when the relevant documents are uploaded to the website of the Stock Exchange or customers' designated locations and/or published in newspapers.

In addition, regarding our business related to listing documents, as the total services performed and the total costs of the services cannot be estimated reliably due to unforeseeable factors (such as the completion timing which is subject to the clearance of the regulator and the then market condition) and the uncertainties for various cost components (such as the number of pages to typeset, the number of pages to translate, timing to be involved such as overtime work beyond the normal office hour and/or during public holidays), the stage of completion of financial printing services provided by our Group cannot be measured reliably. Thus, the relevant revenue cannot be recognised by reference to the stage of completion of the project at the end of the reporting period.

### Plant and equipment

Plant and equipment are stated in the combined statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Plant and equipment are depreciated over their estimated useful lives on a straight-line basis as follows:

Leasehold improvement	3 years
Office equipment	5 years
Furniture and fixtures	5 years

## FINANCIAL INFORMATION

### **Impairment of assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **Work in progress**

Work in progress represents costs incurred on uncompleted financial printing projects that comprise of cost of suppliers directly engaged in providing the services, including but not limited to translation companies and printing factories and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

The uncompleted financial printing projects represent printing jobs, translation jobs and media placement services that are not yet completed at the end of the reporting period. The relevant revenue from provision of printing services, translation services and media placement services are recognised only upon services are rendered to the relevant customers. As the financial printing projects are in progress and services are not yet rendered to the relevant customers, our Group has not yet recognised the related revenue and any costs incurred on the uncompleted financial printing projects are recognised as work in progress.

### **Provision**

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and those amount is reasonable estimate, a corresponding amount of provision is recognised in the financial statement. However, no provision is recognised for costs that need to be incurred to operate in the future.

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### Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the year in which such determination is made.

### RESULTS OF OPERATIONS

Our combined statements of profit or loss and other comprehensive income for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2014 and 2015 as set out below are derived from our combined financial statements included in Appendix I to this document.

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	% to revenue	HK\$'000	% to revenue	HK\$'000 (unaudited)	% to revenue	HK\$'000	% to revenue
Revenue	99,077	100.0	134,132	100.0	22,756	100.0	20,326	100.0
Cost of services	<u>(52,138)</u>	<u>52.6</u>	<u>(65,247)</u>	<u>48.6</u>	<u>(12,244)</u>	<u>53.8</u>	<u>(10,808)</u>	<u>53.2</u>
Gross profit	46,939	47.4	68,885	51.4	10,512	46.2	9,518	46.8
Other income	180	0.2	29	0.0	3	0.0	39	0.2
Selling and distribution expenses	(8,692)	8.8	(11,163)	8.3	(1,404)	6.2	(1,436)	7.1
Administrative expenses	(16,122)	16.3	(26,113)	19.5	(8,166)	35.9	(4,029)	19.8
Finance costs	<u>(6)</u>	<u>0.0</u>	<u>(11)</u>	<u>0.0</u>	<u>(3)</u>	<u>0.0</u>	<u>(1)</u>	<u>0.0</u>
Profit before taxation	22,299	22.5	31,627	23.6	942	4.1	4,091	20.1
Taxation	<u>(3,830)</u>	<u>3.9</u>	<u>(6,064)</u>	<u>4.5</u>	<u>(667)</u>	<u>2.9</u>	<u>(677)</u>	<u>3.3</u>
<b>Profit for the year/ period</b>	<u>18,469</u>	<u>18.6</u>	<u>25,563</u>	<u>19.1</u>	<u>275</u>	<u>1.2</u>	<u>3,414</u>	<u>16.8</u>
<b>Other comprehensive income</b>								
Other comprehensive income for the year/ period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year/ period</b>	<u>18,469</u>	<u>18.6</u>	<u>25,563</u>	<u>19.1</u>	<u>275</u>	<u>1.2</u>	<u>3,414</u>	<u>16.8</u>



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### PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Revenue

Our Group's revenue represents services rendered for the financial printing services. Most of our customers are companies listed on the Stock Exchange and corporate communication and investor relations companies. All of our revenue was generated from services provided in Hong Kong. Our total revenue amounted to approximately HK\$99.1 million, HK\$134.1 million and HK\$20.3 million for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively.

The following table shows the breakdown of our Group's revenue for the years/periods indicated:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Printing <sup>(1)</sup>								
— Listing documents	22,559	22.8	41,291	30.8	7,052	31.0	5,141	25.3
— Financial reports	29,767	30.0	33,775	25.2	3,949	17.4	4,712	23.2
— Compliance documents	13,336	13.5	13,495	10.0	2,527	11.1	2,567	12.6
— Other documents	<u>2,256</u>	<u>2.3</u>	<u>2,526</u>	<u>1.9</u>	<u>639</u>	<u>2.8</u>	<u>312</u>	<u>1.5</u>
	67,918	68.6	91,087	67.9	14,167	62.3	12,732	62.6
Translation <sup>(2)</sup>	23,664	23.9	28,850	21.5	4,918	21.6	5,015	24.7
Media placement <sup>(3)</sup>	<u>7,495</u>	<u>7.5</u>	<u>14,195</u>	<u>10.6</u>	<u>3,671</u>	<u>16.1</u>	<u>2,579</u>	<u>12.7</u>
Total	<u><u>99,077</u></u>	<u><u>100.0</u></u>	<u><u>134,132</u></u>	<u><u>100.0</u></u>	<u><u>22,756</u></u>	<u><u>100.0</u></u>	<u><u>20,326</u></u>	<u><u>100.0</u></u>

*Notes:*

- (1) Printing mainly include typesetting, proofreading, design, printing, binding and distribution of listing documents, financial reports, compliance documents and other documents.
- (2) Translation mainly involve translation of English into Chinese for all types of our printing documents and vice versa.
- (3) Media placement refer to the placing of documents on the internet and in newspapers.

Printing was our largest source of income, representing approximately 68.6%, 67.9% and 62.6% of our total revenue for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively. Our revenue from printing increased by approximately HK\$23.2 million or 34.2% from approximately HK\$67.9 million for the year ended 31 December 2013 to approximately HK\$91.1 million for the year ended 31 December 2014 mainly attributable to the increase in our average revenue per printing job by approximately 20.7% and the increase in the number of printing jobs by approximately 11.1%. Our revenue from translation increased from approximately HK\$23.7 million for the year ended 31 December 2013 to approximately HK\$28.9 million for the year ended 31 December 2014 mainly due to the increase in the number of translation jobs by approximately 18.7% for listing documents, financial reports and compliance documents. Our revenue from media placement increased by approximately HK\$6.7 million or 89.3% from approximately HK\$7.5 million for the year ended 31 December 2013 to HK\$14.2 million 31 December 2014 mainly attributable to the increase in the average revenue per media placement job by approximately 51.5% and the increase in the number of media placement jobs by approximately 25.0%.

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### Cost of services

Our cost of services amounted to approximately HK\$52.1 million, HK\$65.2 million and HK\$10.8 million for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively.

The following table shows the breakdown of our cost of services provided for the years/periods indicated:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Printing cost	17,277	33.1	19,815	30.4	3,099	25.3	2,343	21.7
Translation cost	15,848	30.4	19,662	30.1	3,378	27.6	3,241	30.0
Design and other cost	1,631	3.1	1,573	2.4	493	4.0	527	4.9
Transportation cost	401	0.8	432	0.7	26	0.2	12	0.1
Advertising cost	1,035	2.0	3,885	6.0	1,074	8.8	233	2.1
Direct labour	13,767	26.4	16,992	26.0	3,523	28.8	4,017	37.2
Others	2,179	4.2	2,888	4.4	651	5.3	435	4.0
<b>Total</b>	<b><u>52,138</u></b>	<b><u>100.0</u></b>	<b><u>65,247</u></b>	<b><u>100.0</u></b>	<b><u>12,244</u></b>	<b><u>100.0</u></b>	<b><u>10,808</u></b>	<b><u>100.0</u></b>

Cost of services represents the printing cost, translation cost, design and other cost, transportation cost, advertising cost, direct labour and other overhead expenses. The major cost components for the Group are printing cost, translation cost and direct labour. Others include food and beverage for our customers, rental expenses for photocopiers and photocopying expenses.

Printing cost and translation cost were two of the largest components of our cost of services during the Track Record Period. Printing cost mainly represents the subcontracting fee charged by printing factories. Translation cost represents the subcontracting fee charged by translation companies. Direct labour represents the staff cost of our production department.

During the Track Record Period, our printing cost represented approximately 33.1%, 30.4% and 21.7% of our total cost of services for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively. Our translation cost maintained at a stable level, representing approximately 30.4%, 30.1% and 30.0% of our total cost of services for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively.

### Other income

Other income is mainly related to the service fee for general office support service.

## FINANCIAL INFORMATION

### Selling and distribution expenses

The following table shows the breakdown of our selling and distribution expenses for the years/ periods indicated:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Staff costs and welfare	3,048	35.0	3,353	30.0	846	60.3	899	62.6
Staff bonuses and commission	4,350	50.0	6,658	59.6	415	29.6	386	26.9
Marketing expenses	588	6.8	509	4.7	87	6.2	110	7.7
Promotional expenses	406	4.7	495	4.4	40	2.8	26	1.8
Others	300	3.5	148	1.3	16	1.1	15	1.0
<b>Total</b>	<b><u>8,692</u></b>	<b><u>100.0</u></b>	<b><u>11,163</u></b>	<b><u>100.0</u></b>	<b><u>1,404</u></b>	<b><u>100.0</u></b>	<b><u>1,436</u></b>	<b><u>100.0</u></b>

Our selling and distribution expenses represent costs incurred in conducting marketing activities and soliciting new customers and consist primarily of staff costs and welfare, staff bonuses and commission, marketing expenses and promotional expenses.

Staff costs and welfare represent staff salaries and mandatory provident fund contribution to sales personnel. Staff bonuses and commission, as incentive and reward to enhance sales performance, are payable to our sales personnel based on the gross profit achieved by that sales personnel.

Staff costs and welfare and staff bonuses and commission together were the largest components of our selling and distribution expenses during the Track Record Period.

Others include travelling expenses for sales personnel and other sales-related expenses.

Our selling and distribution expenses were approximately HK\$8.7 million, HK\$11.2 million and HK\$1.4 million for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively. As a percentage of total revenue, our selling and distribution expenses represented approximately 8.8%, 8.3% and 7.1% during the Track Record Period respectively.

## FINANCIAL INFORMATION

### Administrative expenses

The following table shows the breakdown of our Group's administrative expenses for the years/ periods indicated:

	Year ended 31 December				Three months ended 31 March			
	2013		2014		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Staff costs and welfare	1,566	9.7	2,308	8.8	630	7.7	674	16.7
Staff bonuses	1,854	11.5	3,811	14.6	21	0.3	22	0.6
Rental expenses	9,067	56.2	10,701	41.0	2,664	32.6	2,680	66.5
Depreciation	1,555	9.7	981	3.8	284	3.5	235	5.8
Utilities	530	3.3	551	2.1	141	1.7	128	3.2
Legal and professional fees	48	0.3	80	0.3	13	0.2	182	4.5
Listing expenses	—	—	6,041	23.1	3,968	48.6	—	—
Consultancy fee	820	5.1	770	2.9	300	3.7	20	0.5
Stationery and repair and maintenance	386	2.4	648	2.5	94	1.1	32	0.8
General office expenses	<u>296</u>	<u>1.8</u>	<u>222</u>	<u>0.9</u>	<u>51</u>	<u>0.6</u>	<u>56</u>	<u>1.4</u>
Total	<u><u>16,122</u></u>	<u><u>100.0</u></u>	<u><u>26,113</u></u>	<u><u>100.0</u></u>	<u><u>8,166</u></u>	<u><u>100.0</u></u>	<u><u>4,029</u></u>	<u><u>100.0</u></u>

Our administrative expenses consist primarily of staff costs and welfare, rental expenses, depreciation of plant and equipment and listing expenses.

Staff costs and welfare represents staff salaries and mandatory provident fund contribution to administrative staff. Staff bonuses, as incentive and reward to our management, are payable based on the net profit before taxation achieved by the Group. Rental expenses represent rental expenses on our principal office. Depreciation represents depreciation charges on leasehold improvement, office equipment and furniture and fixtures. Legal and professional fees represents filing fee and stamp duty and other fees incurred for services rendered by solicitors for recovering payment overdue from our customers. Listing expenses of nil, approximately HK\$6.0 million and nil had been recognised during the Track Record Period respectively.

Our administrative expenses amounted to approximately HK\$16.1 million, HK\$26.1 million and HK\$4.0 million for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively. As a percentage of total revenue, our administrative expenses represented approximately 16.3%, 19.5% and 19.8% during the Track Record Period respectively.

### Income tax expenses

Hong Kong Profits Tax is calculated at domestic income tax rate of 16.5% of the estimated assessable profit for the Track Record Period.

### Finance costs

Our finance costs mainly comprise of bank charges.

## FINANCIAL INFORMATION

### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Three months ended 31 March 2015 compared to three months ended 31 March 2014

##### *Revenue*

Our revenue decreased by approximately HK\$2.5 million or 11.0% from approximately HK\$22.8 million for the period ended 31 March 2014 to approximately HK\$20.3 million for the three months ended 31 March 2015. The decrease in our revenue was attributable to the following reasons:

- *Printing*

Our revenue from printing decreased by approximately HK\$1.5 million or 10.6% from approximately HK\$14.2 million for the three months ended 31 March 2014 to approximately HK\$12.7 million for the three months ended 31 March 2015. Such decrease was primarily attributable to the decrease in the number of printing jobs by approximately 10.1%.

- *Translation*

Our revenue from translation, amounted to approximately HK\$4.9 million and HK\$5.0 million for the three months ended 31 March 2014 and 2015 respectively, remained relatively stable.

- *Media Placement*

Our revenue from media placement decreased by approximately HK\$1.1 million or 29.7% from approximately HK\$3.7 million for the three months ended 31 March 2014 to approximately HK\$2.6 million for the three months ended 31 March 2015. Such decrease was mainly due to the decrease in the average revenue per media placement job by approximately 32.4%.

##### *Cost of services*

Our cost of services decreased by approximately HK\$1.4 million or 11.5% from approximately HK\$12.2 million for the three months ended 31 March 2014 to approximately HK\$10.8 million for the three months ended 31 March 2015. The decrease was due to (i) the decrease in our printing cost and translation cost charged by our subcontractors by approximately HK\$0.9 million or 13.8% which is consequential to the decrease in revenue; (ii) the decrease in advertising cost by approximately HK\$0.8 million or 78.3% due to decrease placing advertisements in newspaper; and such decrease was partially offset by the increase in direct labour by approximately HK\$0.5 million or 14.0% due to the increase in the number of staff and average salary of our production department for the three months ended 31 March 2015.

## FINANCIAL INFORMATION

### *Gross profit and gross profit margin*

Our gross profit decreased by approximately HK\$1.0 million or 9.5% from approximately HK\$10.5 million for the three months ended 31 March 2014 to approximately HK\$9.5 million for the three months ended 31 March 2015. Such decrease was due to decrease in revenue. Our gross profit margin maintained at a stable level, representing approximately 46.2% and 46.8% for the three months ended 31 March 2014 and 2015 respectively.

### *Other income*

Our other income was approximately HK\$3,000 and HK\$39,000 for the three months ended 31 March 2014 and 2015 respectively.

### *Selling and distribution expenses*

Our selling and distribution expenses remained stable at approximately HK\$1.4 million for the three months ended 31 March 2014 and 2015.

### *Administrative expenses*

Our administrative expenses decreased by approximately HK\$4.2 million or 51.2% from approximately HK\$8.2 million for the three months ended 31 March 2014 to approximately HK\$4.0 million for the three months ended 31 March 2015. The decrease was mainly due to the recognition of listing expenses of approximately HK\$4.0 million for the three months ended 31 March 2014 and no listing expenses were recognised for the three months ended 31 March 2015. For other items of administrative expenses, they were maintained at a stable level or increase slightly in terms of dollar amount.

### *Income tax expenses*

Our income tax expenses remained stable at approximately HK\$0.7 million for the three months ended 31 March 2014 and 2015.

### *Profit for the period and net profit margin*

Our profit increased by approximately HK\$3.1 million or 1,033.3% from approximately HK\$0.3 million for the three months ended 31 March 2014 to approximately HK\$3.4 million for the three months ended 31 March 2015. Our net profit margin also increased from approximately 1.2% for the three months ended 31 March 2014 to approximately 16.8% for the three months ended 31 March 2015. The increase in net profit and net profit margin was mainly attributable to the recognition of listing expenses for the three months ended 31 March 2014 and no listing expenses were recognised for the three months ended 31 March 2015 as discussed above.

## FINANCIAL INFORMATION

### Year ended 31 December 2014 compared to year ended 31 December 2013

#### *Revenue*

Our revenue increased by approximately HK\$35.0 million or 35.3% from approximately HK\$99.1 million for the year ended 31 December 2013 to approximately HK\$134.1 million for the year ended 31 December 2014. The increase in our revenue was attributable to the following reasons:

- *Printing*

Our revenue from printing increased by approximately HK\$23.2 million or 34.2% from approximately HK\$67.9 million for the year ended 31 December 2013 to approximately HK\$91.1 million for the year ended 31 December 2014. Such increase was primarily attributable to the increase in our average revenue per printing job by approximately 20.7% and the increase in the number of printing jobs by approximately 11.1%.

- *Translation*

Our revenue from translation increased by approximately HK\$5.2 million or 21.9% from approximately HK\$23.7 million for the year ended 31 December 2013 to approximately HK\$28.9 million for the year ended 31 December 2014. Such increase was primarily attributable to the increase in the number of translation jobs by approximately 18.7% in relation to translation service of listing documents, financial reports and compliance documents.

- *Media Placement*

Our revenue from media placement increased by approximately HK\$6.7 million or 89.3% from approximately HK\$7.5 million for the year ended 31 December 2013 to approximately HK\$14.2 million for the year ended 31 December 2014. Such increase was primarily attributable to the increase in the average revenue per media placement job by approximately 51.5% and the increase in the number of media placement jobs by approximately 25.0%.

#### *Cost of services*

Our cost of services increased by approximately HK\$13.1 million or 25.1% from approximately HK\$52.1 million for the year ended 31 December 2013 to approximately HK\$65.2 million for the year ended 31 December 2014. The increase was a combined result of (i) the increase in our printing cost and translation cost charged by our subcontractors by approximately HK\$6.4 million or 19.4% which is consequential to the increase in revenue; (ii) the increase in direct labour by approximately HK\$3.2 million or 23.2% due to the increase in the number of staff of our production department from 48 in 2013 to 53 in 2014 and the increase in staff bonus by approximately 64.9% as a reward for the satisfactory result in 2014; and (iii) the increase in advertising cost by approximately HK\$2.9 million or 290% due to placing advertisements in newspaper.

## FINANCIAL INFORMATION

### *Gross profit and gross profit margin*

Our gross profit increased by approximately HK\$22.0 million or 46.9% from approximately HK\$46.9 million for the year ended 31 December 2013 to approximately HK\$68.9 million for the year ended 31 December 2014. Such increase in amount was primarily attributable to increase in revenue. The improvement of our gross profit margin from approximately 47.4% for the year ended 31 December 2013 to approximately 51.4% for the year ended 31 December 2014 was mainly due to the combine effect of (i) the increase in our average revenue per job in relation to printing and media placement services as mentioned above; and (ii) our effort in cost control in our production department.

### *Other income*

Our other income was approximately HK\$180,000 and HK\$29,000 for the years ended 31 December 2013 and 2014 respectively.

### *Selling and distribution expenses*

Our selling and distribution expenses increased by approximately HK\$2.5 million or 28.7% from approximately HK\$8.7 million for the year ended 31 December 2013 to approximately HK\$11.2 million for the year ended 31 December 2014. The increase was mainly attributable to increase in bonuses and commissions paid to our sales personnel as incentive and reward based on the gross profit achieved by the sales personnel for the year ended 31 December 2014, which was in line with the increase in revenue over the same period.

### *Administrative expenses*

Our administrative expenses increased by approximately HK\$10.0 million or 62.1% from approximately HK\$16.1 million for the year ended 31 December 2013 to approximately HK\$26.1 million for the year ended 31 December 2014. The increase was mainly attributable to (i) the increase in staff bonus by approximately HK\$2.0 million; (ii) listing expenses incurred for the services rendered by different professional parties of approximately [REDACTED] in connection with the Listing; and (iii) the increase in rental expenses by approximately HK\$1.6 million as a result of renewal of rental agreement with effect from November 2013. For other items of administrative expenses, they were maintained at a stable level or increase slightly in terms of dollar amount.

### *Income tax expenses*

Our income tax expenses increased by approximately HK\$2.3 million or 60.5% from approximately HK\$3.8 million for the year ended 31 December 2013 to approximately HK\$6.1 million for the year ended 31 December 2014. Such increase was mainly attributable to the increase in our Group's profit before taxation.

### *Profit for the year and net profit margin*

Our profit increased by approximately HK\$7.1 million or 38.4% from approximately HK\$18.5 million for the year ended 31 December 2013 to approximately HK\$25.6 million for the year ended 31 December 2014. Our net profit margin also increased from approximately 18.6% for the year ended 31



## FINANCIAL INFORMATION

December 2013 to approximately 19.1% for the year ended 31 December 2014. The increase in net profit and net profit margin was mainly attributable to the increase in our gross profit and gross profit margin as discussed above.

### LIQUIDITY AND CAPITAL RESOURCES

#### Financial resources

Our sources of cash are primarily cash generated from operations. Our uses of cash are mainly on financing our operations and working capital requirements and capital expenditures on plant and equipment. Going forward, we do not expect any material changes to the underlying drivers of our sources of cash and uses of cash, except for the net proceeds from the [REDACTED] which will be used according to our use of proceeds plan as detailed in the section headed “Future Plans and Use of Proceeds” in this document.

#### Cash flows

The following table is a summary of our combined statements of cash flows during the Track Record Period:

	<b>Year ended 31 December</b>		<b>Three months ended</b>	
	<b>2013</b>	<b>2014</b>	<b>31 March</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>	<i>2015</i>
			<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Net cash generated from/ (used in) operating activities	21,155	38,669	1,369	(3,509)
Net cash used in investing activities	(85)	(144)	(73)	—
Net cash used in financing activities	<u>—</u>	<u>(42,039)</u>	<u>(17,039)</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents	21,070	(3,514)	(15,743)	(3,509)
Cash and cash equivalents at the beginning of the year/period	<u>747</u>	<u>21,817</u>	<u>21,817</u>	<u>18,303</u>
Cash and cash equivalents at the end of the year/period	<u><u>21,817</u></u>	<u><u>18,303</u></u>	<u><u>6,074</u></u>	<u><u>14,794</u></u>

## FINANCIAL INFORMATION

### Operating activities

During the Track Record Period, we derived our cash inflow from operating activities principally from the receipt of revenue generated from printing, translation and media placement. Our cash outflow used in operating activities was principally for payment of printing works subcontracted to printing factories, translation services provided by translation companies and advertising costs in relation to the publication of announcements in newspapers for listed companies.

For the three months ended 31 March 2015, our Group had net cash used in operating activities of approximately HK\$3.5 million, mainly as a result of the profit before taxation of approximately HK\$4.1 million, in this period, which was mainly adjusted for a decrease in accrual and other payables of approximately HK\$5.5 million as a result of the settlement of staff bonus of approximately HK\$5.4 million.

For the year ended 31 December 2014, our Group had net cash generated from operating activities of approximately HK\$38.7 million, mainly as a result of the profit before taxation of approximately HK\$31.6 million generated in that year, which was adjusted for (i) a decrease in trade receivables of approximately HK\$8.9 million as a result of the improvement in our credit control; and (ii) an increase in accruals and other payables of approximately HK\$4.3 million as a result of the provision of staff bonus which was partially offset by a decrease in the amount due to related company, Finlang, of approximately HK\$3.0 million as a result of (i) change of the credit term offered by Finlang to our Group from repayable on demand to 60 days, which is in line with the credit terms offered by other translation companies; and (ii) Finlang ceasing to be our related party in accordance with the Hong Kong Accounting Standards since Finlang was indirectly disposed of by Jumbo Ace on 30 December 2014, details of which are set to in the paragraph headed “Relationship with Gold Senses and Finlang” under the section headed “Relationship with the Controlling Shareholders” of this document.

For the year ended 31 December 2013, our Group had net cash generated from operating activities of approximately HK\$21.2 million, mainly as a result of the profit before taxation of approximately HK\$22.3 million generated in that year, which was adjusted for (i) an increase in trade payables of approximately HK\$4.5 million as a result of the increase in printing cost incurred in relation to our financial printing activities; and (ii) an increase in accruals and other payables of approximately HK\$4.3 million as a result of the provision of staff bonus of approximately HK\$6.1 million which was partially offset by an increase in trade receivables of approximately HK\$11.1 million as a result of an increase in our revenue.

### Investing activities

During the Track Record Period, we derived our cash outflow used in investing activity was principally for purchase of plant and equipment.

For the three months ended 31 March 2015, our Group had no investing activities.

For the years ended 31 December 2013 and 2014, our Group had net cash used in investing activities of approximately HK\$0.1 million primarily attributable to the purchase of office equipment and furniture and fixtures for general office upgrade.

## FINANCIAL INFORMATION

### Financing activities

During the Track Record Period, our cash outflow used in financing activities was principally for repayment to shareholders and payment of dividend to owners of the Group.

For the three months ended 31 March 2015, our Group had no financing activities.

For the year ended 31 December 2014, our Group had net cash used in financing activities of approximately HK\$42.0 million primarily attributable to dividends paid to owners of the Group of HK\$25.0 million and repayment to shareholders of approximately HK\$17.0 million.

For the year ended 31 December 2013, our Group had no financing activities.

### NET CURRENT ASSETS

Our Group recorded net current assets of approximately HK\$8.3 million, HK\$9.5 million and HK\$13.1 million as at 31 December 2013 and 2014 and 31 March 2015. The following table sets out details of our current assets and current liabilities as at the dates indicated:

	<b>As at 31 December</b>		<b>As at 31 March</b>	<b>As at 30 April</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
<b>Current Assets</b>				
Work in progress	1,887	1,167	1,049	795
Trade receivables	22,564	13,649	14,278	33,475
Prepayments, deposits and other receivables	3,791	4,592	4,508	5,830
Amount due from a related company	19	—	—	—
Bank balances and cash	<u>21,817</u>	<u>18,303</u>	<u>14,794</u>	<u>15,564</u>
	<u>50,078</u>	<u>37,711</u>	<u>34,629</u>	<u>55,664</u>
<b>Current Liabilities</b>				
Trade payables	7,804	6,033	4,827	13,618
Accruals and other payables	7,270	11,583	6,149	8,696
Deposits received	4,451	7,188	7,391	8,420
Amount due to a related company	3,023	—	—	—
Amount due to a shareholder	17,039	—	—	—
Tax payable	<u>2,147</u>	<u>3,413</u>	<u>3,150</u>	<u>4,568</u>
	<u>41,734</u>	<u>28,217</u>	<u>21,517</u>	<u>35,302</u>
<b>Net current assets</b>	<u><u>8,344</u></u>	<u><u>9,494</u></u>	<u><u>13,112</u></u>	<u><u>20,362</u></u>

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As at 31 December 2013, we recorded a net current assets position of approximately HK\$8.3 million, which primarily consisted of trade receivables of approximately HK\$22.6 million and bank balances and cash of approximately HK\$21.8 million, which were partially offset by trade payables of approximately HK\$7.8 million, accruals and other payables of approximately HK\$7.3 million and amount due to a shareholder of approximately HK\$17.0 million.

Our net working capital improved during the year ended 31 December 2013 to 31 December 2014. We recorded a net current assets position of approximately HK\$9.5 million as at 31 December 2014 compared to approximately HK\$8.3 million as at 31 December 2013. This was primarily attributable to repayment to a shareholder of approximately HK\$17.0 million and a decrease in amount due to a related company, Finlang, as a result of (i) change of the credit term offered by Finlang to our Group from repayable on demand to 60 days, which is in line with the credit terms offered by other translation companies; and (ii) Finlang ceasing to be our related party in accordance with the Hong Kong Accounting Standards since Finlang was indirectly disposed of by Jumbo Ace on 30 December 2014, details of which are set to in the paragraph headed “Relationship with Gold Senses and Finlang” under the section headed “Relationship with the Controlling Shareholders” of this document.

Our Group’s net current assets increased from approximately HK\$9.5 million as at 31 December 2014 to approximately HK\$13.1 million as at 31 March 2015. The increase was primarily attributable to the decrease in accrual and other payables of approximately HK\$5.5 million as a result of settlement of the staff bonus of approximately HK\$5.4 million.

### **Work in progress**

Our work in progress decreased from approximately HK\$1.9 million as at 31 December 2013 to approximately HK\$1.2 million as at 31 December 2014. Such decrease was primarily due to increased amount in work in progress being recognised as costs as a result of the completion of various projects.

Our work in progress decreased from approximately HK\$1.2 million as at 31 December 2014 to approximately HK\$1.0 million as at 31 March 2015. Such decrease was primarily due to increased amount in work in progress being recognised as costs as a result of the completion of various projects.

### **Trade receivables**

Our trade receivables represent amount receivables from customers for services we performed in ordinary course of our business. Our customers were generally granted credit terms of up to 30 days upon the issuance of an invoice and the balances were mainly settled either by cheques, by direct remittances or by bank transfer to us during the Track Record Period.

**FINANCIAL INFORMATION**

The following table sets out the aged analysis of our trade receivables, net of impairment losses, as at the dates indicated:

	<b>As at 31 December</b>		<b>As at</b>
	<b>2013</b>	<b>2014</b>	<b>31 March</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current — neither past due nor impaired	10,984	5,061	9,520
Under 30 days past due	5,656	2,957	1,699
30–59 days past due	3,137	2,271	645
60–119 days past due	2,063	1,467	983
120–149 days past due	162	365	44
Over 150 days past due	<u>562</u>	<u>1,528</u>	<u>1,387</u>
	<u><u>22,564</u></u>	<u><u>13,649</u></u>	<u><u>14,278</u></u>

The following table sets out the trade receivables turnover days for the Track Record Period:

	<b>Year ended 31 December</b>		<b>Three</b>
	<b>2013</b>	<b>2014</b>	<b>months</b>
			<b>ended</b>
			<b>31 March</b>
			<b>2015</b>
Trade receivables turnover days ( <i>note</i> )	<u>63</u>	<u>49</u>	<u>62</u>

*Note:* Trade receivables turnover day equals average balance of trade receivables divided by revenue (excluding service income received from a related company) for the relevant year/period multiplied by the number of days in the relevant year/period. Average balance is calculated as the sum of beginning balance and ending balance for the relevant year/period divided by two.

Trade receivables turnover days for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 were 63 days, 49 days and 62 days respectively.

Our trade receivables turnover days remained relatively stable during the Track Record Period with the exception for the year ended 31 December 2014. Trade receivables turnover days for the year ended 31 December 2014 were relatively lower because several outstanding invoices of higher value were settled near the end of 2014.

The trade receivables turnover days during the Track Record Period were longer than the average credit terms of 30 days granted to our customers because some of our customers exhibited a slower payment pattern as they normally settled the bills in accordance with their own settlement policies.

## FINANCIAL INFORMATION

As at 31 May 2015, approximately HK\$10.4 million representing 72.8% of the trade receivable balances as at 31 March 2015 had been subsequently settled. Having considered the credit history, the financial condition and proposed payment schedule (if any) of the respective customers individually, our Directors considered that these outstanding trade receivable balances as at 31 March 2015 are still recoverable and no provision has been made.

Our policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. The estimate is based on the age of trade receivable balance, customer credit-worthiness and historical write-off experience. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. We closely review our trade receivable balance and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances. During the Track Record Period, we did not experience any material difficulty in collecting payment from our customers and no provision has been made.

### Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly comprise of rental deposits, utility deposits, deposits paid to translation companies and prepayments on listing expenses.

Our prepayments, deposits and other receivables increased from approximately HK\$3.8 million as at 31 December 2013 to approximately HK\$4.6 million as at 31 December 2014. Such increase was primarily due to prepayments on listing expenses.

Our prepayments, deposits and other receivables amounted to approximately HK\$4.6 million and HK\$4.5 million as at 31 December 2014 and 31 March 2015 respectively.

### Trade payables

Our trade payables primarily relate to amounts payable to our suppliers (including our subcontractors). Our credit period from our suppliers (including our subcontractors) is up to 60 days after monthly statement.

The following is an aged analysis of trade payables as at the dates indicated:

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
			HK\$'000
Current — up to 60 days	<u>7,804</u>	<u>6,033</u>	<u>4,827</u>

## FINANCIAL INFORMATION

The following table sets out the trade payables turnover days for the Track Record Period:

	Year ended 31 December		As at
	2013	2014	31 March
			2015
Trade payables turnover days ( <i>note</i> )	<u>44</u>	<u>43</u>	<u>45</u>

*Note:* Trade payables turnover day equals average balance of trade payables divided by cost of service (excluding translation cost incurred in relation to translation service provided by a related company) for the relevant year/period multiplied by the number of days in the relevant year/period. Average balance is calculated as the sum of beginning balance and ending balance for the relevant year/period divided by two.

Trade payables turnover days for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 remained relatively stable at 44 days, 43 days and 45 days respectively. The turnover days of trade payables due to Finlang decreased from 140 days for the year ended 31 December 2013 to 116 days for the year ended 31 December 2014, and further decreased to 76 days for the three months ended 31 March 2015 as a result of change of the credit term offered by Finlang to our Group from repayable on demand to 60 days, which is in line with the credit terms offered by other translation companies.

As at 31 May 2015, approximately HK\$4.5 million representing 93.8% of the trade payable balances as at 31 March 2015 had been subsequently settled.

### Accruals and other payables

Our accruals and other payables mainly comprise of accrued staff-related expenses and other payables in relation to operating expenses.

Our accruals and other payables increased from approximately HK\$7.3 million as at 31 December 2013 to approximately HK\$11.6 million as at 31 December 2014. Such increase was mainly due to the increase in provision of bonuses by approximately HK\$4.3 million.

Our accruals and other payables decreased from approximately HK\$11.6 million as at 31 December 2014 to approximately HK\$6.1 million as at 31 March 2015. Such decrease was mainly due to the settlement of bonuses of approximately HK\$5.4 million.

### Deposits received

Our deposits received represents non-refundable deposits on our services provided as a whole in relation to listing documents and compliance documents and could not be sub-divided into each category of services provided.

Our deposits received increased from approximately HK\$4.5 million as at 31 December 2013 to approximately HK\$7.2 million and HK\$7.4 million as at 31 December 2014 and 31 March 2015. Such increase was mainly due to the increase in the number of projects on hands which required deposits.

## FINANCIAL INFORMATION

### Amount due from/to a related company and a shareholder

The amount due from Aurum Pacific (China) Group Limited was approximately HK\$19,000, nil and nil as at 31 December 2013 and 2014 and 31 March 2015 respectively. Such amount was in trade nature, unsecured, interest-free and has a credit period of 30 days upon issuance of an invoice. Such amount was fully settled during the year ended 31 December 2014.

The amount due to Finlang was approximately HK\$3.0 million as at 31 December 2013. Such amount which was in trade and non-trade nature, was unsecured, interest-free and repayable on demand. Such amount was fully settled in March 2014 by internally generated funds. On 30 December 2014, Jumbo Ace indirectly disposed of Finlang to an Independent Third Party via the sale of entire shareholding interest in Gold Senses. For further details of such disposal, please refer to the paragraph headed "Relationship with Gold Senses and Finlang" under the section headed "Relationship with the Controlling Shareholders" of this document. Subsequent to such disposal, Finlang ceased to be our related party in accordance with Hong Kong Accounting Standards.

The amount due to Jumbo Ace was approximately HK\$17.0 million, nil and nil as at 31 December 2013 and 2014 and 31 March 2015 respectively. Such amount was in non-trade nature, unsecured, interest-free and repayable on demand. Such amount was fully settled during the year ended 31 December 2014 by internally generated funds.

Please refer to notes 21, 25 and 26 to the Accountants' Report in Appendix I to this document for further details.

### CAPITAL EXPENDITURE

The following table sets out our capital expenditures as at the dates indicated:

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
			HK\$'000
Office equipment	71	135	—
Furniture and fixtures	<u>14</u>	<u>9</u>	<u>—</u>
	<u>85</u>	<u>144</u>	<u>—</u>

The capital expenditure of HK\$85,000, HK\$0.1 million and nil was incurred for general office upgrade for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively.



## FINANCIAL INFORMATION

### INDEBTEDNESS

The following table sets out our indebtedness as at the dates indicated:

	<b>As at 31 December</b>		<b>As at 31 March</b>	<b>As at 30 April</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due to a related company	3,023	—	—	—
Amount due to a shareholder	17,039	—	—	—
<b>Total indebtedness</b>	<b>20,062</b>	<b>—</b>	<b>—</b>	<b>—</b>

The amount due to a related company and a shareholder is unsecured, interest-free and repayable on demand.

As at the Latest Practicable Date, our Group had no outstanding borrowings and banking facilities.

Except as disclosed in this paragraph headed “Indebtedness” in this section, our Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness as at the Latest Practicable Date.

As at the Latest Practicable Date, we did not have any plan for material external debt financing.

### CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have contingent liabilities that will have a material adverse effect on our financial position, liquidity or result of operation.

### COMMITMENTS

#### Capital commitment

Our Group did not have capital commitments as at 31 December 2013 and 2014 and 31 March 2015.

## FINANCIAL INFORMATION

### Operating lease commitment

*The Group as lessee:*

As at 31 December 2013 and 2014 and 31 March 2015, our Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follow:

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
			HK\$'000
Within one year	9,536	9,240	9,522
In the second to fifth year inclusive	<u>16,695</u>	<u>7,455</u>	<u>7,519</u>
	<u>26,231</u>	<u>16,695</u>	<u>17,041</u>

Operating lease related to its office premise and equipment with lease terms ranging from three to five years.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had no material off-balance sheet arrangements.

### LISTING EXPENSES

The estimated listing expenses, which are non-recurrent in nature, are approximately [REDACTED] of which (i) approximately [REDACTED] for the issue of new Shares is expected to be accounted for as a deduction from equity; and (ii) approximately [REDACTED] has been or will be charged to our Group's profit and loss account prior to or upon completion of the Listing. Up to 31 March 2015, we have incurred listing expenses of approximately [REDACTED]. It is expected that an amount of approximately [REDACTED] will be charged to our Group's profit and loss account for the year ending 31 December 2015. Our Directors would like to emphasise that the listing expenses above are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 December 2015 would be materially and adversely affected by the estimated listing expenses mentioned above.

### WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including internal resources and the estimated net proceeds from the [REDACTED], our Group has sufficient working capital for our present requirements, that is, for at least in the next 12 months commencing from the date of this document.

## FINANCIAL INFORMATION

### OTHER KEY FINANCIAL RATIOS

	As at/Year ended		As at/Three months ended
	31 December		31 March
	2013	2014	2015
Current ratio <sup>(1)</sup>	1.2	1.3	1.6
Gearing ratio <sup>(2)</sup>	195.5%	N/A <sup>(5)</sup>	N/A <sup>(5)</sup>
Return on equity <sup>(3)</sup>	1,801.0%	242.5%	27.2%
Return on total assets <sup>(4)</sup>	50.7%	56.1%	9.1%

*Notes:*

- (1) Current ratio is calculated based on total current assets divided by total current liabilities.
- (2) Gearing ratio is calculated based on total borrowings divided by total equity and multiplied by 100%.
- (3) Return on equity equals profit for the year/period divided by average balance of total equity of the relevant year/period and multiplied by 100%. Average balance is calculated as the sum of the opening balance and closing balance of the relevant year/period divided by two.
- (4) Return on total assets equals profit for the year/period divided by average balance of total assets of the relevant year/period and multiplied by 100%. Average balance is calculated as the sum of the opening balance and closing balance of the relevant year/period divided by two.
- (5) We did not have any external borrowings as at 31 December 2014 and 31 March 2015. As such, gearing ratio as at 31 December 2014 and 31 March 2015 is not applicable to us.

#### **Current ratio**

Our current ratio remained stable at 1.2, 1.3 and 1.6 as at 31 December 2013 and 2014 and 31 March 2015.

#### **Gearing ratio**

The gearing ratio of 195.5% as at 31 December 2013 is mainly attributable to our external borrowings comprising of amount due to a related company and a shareholder. We did not have any external borrowings as at 31 December 2014 and 31 March 2015. As such, gearing ratio as at 31 December 2014 and 31 March 2015 is not applicable to us.

#### **Return on equity**

We recorded a decrease in return on equity from approximately 1,801.0% for the year ended 31 December 2013 to approximately 242.5% for the year ended 31 December 2014 which was primarily attributable to the increase in our equity as a result of the accumulation of profit during the Track Record Period; our return on equity further decreased to approximately 27.2% for the three months ended 31 March 2015, which was mainly because only three months’ profit was recorded.

## FINANCIAL INFORMATION

### Return on total assets

Our return on total assets increased from 50.7% for the year ended 31 December 2013 to approximately 56.1% for the year ended 31 December 2014 which was primarily attributable to the increase in our Group's profit for the year ended 31 December 2014 as discussed above.

We recorded a decrease in return on total asset to approximately 9.1% for the three months ended 31 March 2015 and such decrease was mainly because only three months' profit was recorded.

### RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

### DISTRIBUTABLE RESERVES

As at 31 March 2015, our distributable reserves available for distributable to our Shareholders amount to approximately HK\$14.2 million.

### TAXATION

Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and, accordingly, is exempted from the payment of the Cayman Islands income tax.

For our subsidiaries incorporated in Hong Kong, Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profit for the Track Record Period.

### DIVIDEND POLICY

During the year ended 31 December 2014, our Group declared a special dividend of HK\$25.0 million, which has been fully settled in cash from internal resources of our Group.

We currently do not have any plans to distribute regular dividends immediately after the Listing, although this is subject to change. Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability 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 and the Companies Law, including the approval of our Shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

## FINANCIAL INFORMATION

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are in the normal course of our business and are exposed to various types of market risks as follows. For more details, please refer to Appendix I to this document.

#### *Credit risk*

Our Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of bank balances, trade receivables and other receivables represent our Group's maximum exposure to credit risk in relation to financial assets. In order to minimise the credit risk, the management monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the management considers our Group does not expose to significant credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

#### *Interest rate risk*

Our Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets, mainly the interest bearing bank balances. Our Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and borrowings where necessary.

#### *Liquidity risk*

Our Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

In the management of the liquidity risk, our Group monitors and maintains a level of bank balances and cash deemed adequate by management to finance our Group's operations and mitigate the effect of fluctuations in cash flows. Management monitors current and expected liquidity requirements on a regular basis.

#### *Foreign exchange rate risk*

Foreign exchange rate risk refers to the risk that movement in foreign currency exchange rates will affect our financial results and cash flows. Our functional currency is HK dollar in which most of our transactions are denominated. During the Track Record Period, we only undertook very limited finance and operating transactions in foreign currencies. As a result, we do not believe we are exposed to significant foreign exchange rate risk. We do not use any derivative contracts to hedge against our expose to currency risk and manage this risk by closely monitoring the movement of the foreign currency rates.

**FINANCIAL INFORMATION**

**UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following is an illustrative statement of the unaudited pro forma of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the listing by way of [REDACTED] as if it had taken place on 31 March 2015 and based on our net tangible assets attributable to owners of our Company as of 31 March 2015 as shown in the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

The unaudited pro forma 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 after the completion of the listing by way of [REDACTED].

	<b>Audited combined net tangible assets attributable to equity holders of the Company as at 31 March 2015</b>	<b>Add: Estimated net proceeds from [REDACTED]</b>	<b>Unaudited pro forma adjusted net tangible assets</b>	<b>Unaudited pro forma adjusted net tangible assets per Share</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>
Based on the [REDACTED] of [REDACTED] per [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Based on the [REDACTED] of [REDACTED] per [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

*Notes:*

- (1) The audited combined net tangible assets attributable to the equity holders of our Company as at 31 March 2015 is based on the combined net assets of our Group attributable to owners of our Company as at 31 March 2015, as shown in the Accountants' Report, the text of which is set out in Appendix I of this prospectus.
- (2) The estimated net proceeds from the [REDACTED] of New Shares are based on the indicative [REDACTED] of [REDACTED] or [REDACTED] per Share respectively after deduction of the estimated [REDACTED] commission and other related fees and expenses (excluding listing expenses which has been accounted for prior to 31 March 2015) payable by the Company.
- (3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transaction of the Group entered into subsequent to 31 March 2015.
- (4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to the preceding paragraphs and on the basis of [REDACTED] Shares to be in issue immediately following completion of the [REDACTED].

## FINANCIAL INFORMATION

### DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

### OUR LATEST DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD

Our revenue and cost structure have remained unchanged since 31 March 2015. Based on our Group's unaudited management accounts, our revenue increased from approximately HK\$43.6 million for the four months ended 30 April 2014 to approximately HK\$44.5 million for the four months ended 30 April 2015. The unaudited gross profit of our Group increased from approximately HK\$21.1 million for the four months ended 30 April 2014 to approximately HK\$22.2 million for the four months ended 30 April 2015. Both improvement in revenue and the gross profit was mainly attributable to increase in revenue from printing of approximately HK\$1.0 million for the four months ended 30 April 2015.

Regarding the revenue structure, printing, translation and media placement represented approximately 69.6%, 23.3% and 7.1% of the unaudited revenue for the four months ended 30 April 2015, which were similar to the revenue structure for the four months ended 30 April 2014, with printing, translation and media placement representing approximately 68.7%, 21.7% and 9.6% of the revenue respectively.

The major components of the cost of services remained as (i) printing cost, (ii) translation cost and (iii) direct labour cost, which accounted for approximately 35.7%, 31.2% and 25.1% of the cost of services for the four months ended 30 April 2015, which are similar to the structure of the cost of service for the four months ended 30 April 2014, with printing, translation and direct labour representing approximately 36.4%, 28.5% and 22.2% of the cost of services respectively.

The financial information disclosed above is extracted from the unaudited combined financial statements for the four months ended 30 April 2014 and 2015 prepared by our Directors in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, which are unaudited but have been reviewed by our reporting accountants in accordance with the Hong Kong Standards on Review Engagements 2410 "Review on Interim Financial Information performed by the Independent Auditor of the Entity".

Our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that, as at the Latest Practicable Date, there has been no material adverse change in our financial position or prospectus since 31 March 2015, being the date of our last audited financial statement as set out in Appendix I to this document, and up to the date of this document. As far as we are aware, there was no material change in the general conditions in the financial printing market in Hong Kong that had affected or would affect our business operations or financial conditions materially or adversely.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 31 March 2015, which is the end of the period covered by the Accountants' Report set forth in Appendix I to this document.

## UNDERWRITING

### UNDERWRITERS

[REDACTED]

### UNDERWRITING ARRANGEMENTS

#### Underwriting Agreement

In connection with the [REDACTED], it is expected that our Company will enter into the Underwriting Agreement, amongst other parties, with the Underwriters. Under the Underwriting Agreement, subject to the conditions set out therein, the Underwriters would severally agree to procure subscribers for, or failing which, to themselves subscribe as principal for, the [REDACTED] being offered pursuant to the [REDACTED]. The Underwriting Agreement may be terminated for the reasons set out in “Grounds For Termination” in this section. Potential investors should be reminded that in the event that the Underwriting Agreement is not entered into or if the Underwriters exercise their termination rights as referred to below, the [REDACTED] will not proceed.

#### Grounds for termination

[REDACTED]



**UNDERWRITING**

[REDACTED]

**UNDERWRITING**

[REDACTED]

## UNDERWRITING

[REDACTED]

### **Undertakings pursuant to the Underwriting Agreement**

[REDACTED]

**UNDERWRITING**

[REDACTED]

**UNDERWRITING**

[REDACTED]

## UNDERWRITING

### Undertakings by our Controlling Shareholders and our Company pursuant to the GEM Listing Rules

[REDACTED]

## UNDERWRITING

### *Undertaking by our Company*

[REDACTED]

### **Commission and expenses**

The Underwriters will receive an underwriting commission of [REDACTED] of the aggregate [REDACTED] of all [REDACTED], out of which they will pay any sub-underwriting commission, and the Sole Sponsor will receive a financial advisory and documentation fee in relation to the [REDACTED] and will be reimbursed for their expenses. Such commission, advisory and documentation fee and expenses, together with the Stock Exchange listing fees, the Stock Exchange trading fee and SFC transaction levy, legal and other professional fees, and printing and other expenses relating to the [REDACTED] and [REDACTED], are estimated to amount in aggregate to approximately [REDACTED] assuming the [REDACTED] of [REDACTED], being the midpoint of the indicative [REDACTED], which are to be borne by our Company.

### **Underwriter's interest in our Company**

Save as provided for under the Underwriting Agreement, the Underwriters has no shareholding interests in any member of the Group nor has any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares.

### **Sole Sponsor's interest in our Company**

Save for (i) the advisory and documentation fees to be paid to CLC International as the Sole Sponsor to the [REDACTED]; and (ii) the financial advisory fee to be paid to CLC International as our Company's compliance adviser pursuant to the requirements under Rules 6A.19 of the GEM Listing Rules, neither CLC International nor any of its close associates has or may have, as a result of the [REDACTED], any interest in any class of securities in our Company or any of its subsidiaries (including options or rights to subscribe for such securities).

No director or employee of CLC International who is involved in providing advice to our Company has or may have, as a result of the [REDACTED], any interest in any class of securities of our Company or any of its subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the [REDACTED]).

No director or employee of CLC International has a directorship in the Company or any of its subsidiaries.

CLC International is independent from the Group under Rule 6A.07 of the GEM Listing Rules.

**STRUCTURE AND CONDITIONS OF THE [REDACTED]**

[REDACTED]



**STRUCTURE AND CONDITIONS OF THE [REDACTED]**

[REDACTED]

**STRUCTURE AND CONDITIONS OF THE [REDACTED]**

[REDACTED]

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

*The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.*



31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

[REDACTED] 2015

The Directors  
REF Holdings Limited  
CLC International Limited

Dear Sirs,

We set out below our report on the financial information of REF Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), comprising the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2013 and 2014 and for the three months ended 31 March 2015 (the “Track Record Period”), and the combined statements of financial position of the Group as at 31 December 2013, 31 December 2014 and 31 March 2015 and the statement of financial position of the Company as at 31 December 2014 and 31 March 2015, together with the notes thereto (the “Financial Information”), and the comparative combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows of the Group for the three months ended 31 March 2014 (the “Unaudited Comparative Financial Information”), prepared on the basis set out in note 2 to the Financial Information of Section II below, for inclusion in the prospectus of the Company dated [REDACTED] 2015 (the “Document”) in connection with the listing of the shares of the Company on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 5 February 2014. Pursuant to a reorganisation, as more fully explained in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” to the Document (the “Reorganisation”), the Company became the holding company of the Group on [REDACTED] 2015.

No audited financial statements have been prepared by the Company as there are no statutory requirements for the Company to prepare audited financial statements.

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

During the Track Record Period and as at the date of this report, the Company has the following subsidiaries comprising the Group.

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital registered capital at the date of this report	Attributable equity interest held by the Company				Principal activities
			As at 31 December		As at 31 March	At the date of	
			2013	2014	2015	this report	
			%	%	%	%	
REF Holdings (HK) Limited (“REF Holdings (HK)”) (formerly known as REF Holdings Limited)	Hong Kong, 28 April 2010	Ordinary shares HK\$1	—	—	—	100	Investment holding
REF Financial Press Limited (“REF Financial”)	Hong Kong, 28 April 2010	Ordinary shares HK\$1	—	—	—	100	Provision of financial printing services

All companies now comprising the Group have adopted 31 December as their financial year end date.

The audited statutory financial statements of the Company’s subsidiaries incorporated in Hong Kong were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and were audited by:

Name of subsidiary	Financial year	Name of auditor
REF Holdings (HK)	Years ended 31 December 2013 and 2014	HLB Hodgson Impey Cheng Limited
REF Financial	Years ended 31 December 2013 and 2014	HLB Hodgson Impey Cheng Limited

**BASIS OF PREPARATION**

For the purpose of this report, the directors of the Company have prepared the Financial Information for the Track Record Period based on the audited financial statements or unaudited financial statements of the Group, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and the Hong Kong Companies Ordinance. The Financial Information for each of Track Record Period were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information set out in this report has been prepared from the audited financial statements or unaudited financial statements with no adjustments made thereon.

## APPENDIX I

## ACCOUNTANTS’ REPORT

### RESPONSIBILITY OF THE DIRECTORS

The directors of the Company are responsible for the contents of the Document, including the preparation of the Financial Information that gives a true and fair view in accordance with the basis set out in Note 2 of Section II. The directors of the Company are responsible for the preparation of the Financial Information that given a true and fair view in accordance with HKFRSs and the disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error.

### RESPONSIBILITY OF REPORTING ACCOUNTANTS

For the Financial Information for the Track Record Period, it is our responsibility to form an independent opinion on the Financial Information based on our examination and to report our opinion to you. We examined the relevant audited financial statements or, where appropriate, the relevant unaudited financial statements of the Group for the Track Record Period, and carried out such procedures as are necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

For the purpose of this report, we have reviewed the Unaudited Comparative Financial Information for which the directors of the Company are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists principally of making enquiries of the Group’s management and applying analytical procedures to the Unaudited Comparative Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Unaudited Comparative Financial Information.

### OPINION AND REVIEW CONCLUSION

In our opinion, the Financial Information, for the purpose of this report and on the basis of presentation and preparation set out in Note of Section II below, gives a true and fair view of the state of affairs of the Group as at 31 December 2013, 31 December 2014 and 31 March 2015 and the state of affairs of the Company as at 31 December 2014 and 31 March 2015 and of the combined results and cash flows of the Group for the Track Record Period.

On the basis of our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Unaudited Comparative Financial Information is not prepared, in material respects, in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs.

**APPENDIX I**

**ACCOUNTANTS' REPORT**

**I. FINANCIAL INFORMATION**

**Combined Statements of Profit or Loss and Other Comprehensive Income**

		Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Three months ended 31 March 2014 <i>HK\$'000</i> (unaudited)	Three months ended 31 March 2015 <i>HK\$'000</i>
Revenue	7	99,077	134,132	22,756	20,326
Cost of services		<u>(52,138)</u>	<u>(65,247)</u>	<u>(12,244)</u>	<u>(10,808)</u>
Gross profit		46,939	68,885	10,512	9,518
Other income	9	180	29	3	39
Selling and distribution expenses		(8,692)	(11,163)	(1,404)	(1,436)
Administrative expenses		(16,122)	(26,113)	(8,166)	(4,029)
Finance costs	10	<u>(6)</u>	<u>(11)</u>	<u>(3)</u>	<u>(1)</u>
Profit before taxation		22,299	31,627	942	4,091
Taxation	11	<u>(3,830)</u>	<u>(6,064)</u>	<u>(667)</u>	<u>(677)</u>
<b>Profit for the year/period</b>	12	<u>18,469</u>	<u>25,563</u>	<u>275</u>	<u>3,414</u>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
Other comprehensive income for the year/period		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year/period</b>		<u>18,469</u>	<u>25,563</u>	<u>275</u>	<u>3,414</u>
Profit for the year/period and total comprehensive income attributable to owners of the Company		<u>18,469</u>	<u>25,563</u>	<u>275</u>	<u>3,414</u>
<b>Earnings per share</b>	16				
Basic and diluted ( <i>HK cents</i> )		<u>9.62</u>	<u>13.31</u>	<u>0.14</u>	<u>1.78</u>

The accompanying notes form an integral part of the Financial Information.

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**ACCOUNTANTS' REPORT**

**Combined Statements of Financial Position**

		As at 31 December 2013 HK\$'000	As at 31 December 2014 HK\$'000	As at 31 March 2015 HK\$'000
	<i>Notes</i>			
<b>Assets</b>				
<b>Non-current assets</b>				
Plant and equipment	17	1,990	1,151	916
Deferred tax asset	27	—	178	209
		<u>1,990</u>	<u>1,329</u>	<u>1,125</u>
<b>Current assets</b>				
Work in progress		1,887	1,167	1,049
Trade receivables	19	22,564	13,649	14,278
Prepayments, deposits and other receivables	20	3,791	4,592	4,508
Amount due from a related company	21	19	—	—
Bank balances and cash	22	<u>21,817</u>	<u>18,303</u>	<u>14,794</u>
		<u>50,078</u>	<u>37,711</u>	<u>34,629</u>
<b>Current liabilities</b>				
Trade payables	23	7,804	6,033	4,827
Accruals and other payables	24	7,270	11,583	6,149
Deposits received		4,451	7,188	7,391
Amount due to a related company	25	3,023	—	—
Amount due to a shareholder	26	17,039	—	—
Tax payables		<u>2,147</u>	<u>3,413</u>	<u>3,150</u>
		<u>41,734</u>	<u>28,217</u>	<u>21,517</u>
<b>Net current assets</b>		<u>8,344</u>	<u>9,494</u>	<u>13,112</u>
<b>Total assets less current liabilities</b>		<u>10,334</u>	<u>10,823</u>	<u>14,237</u>
<b>Non-current liability</b>				
Deferred tax liability	27	<u>74</u>	<u>—</u>	<u>—</u>
		<u>74</u>	<u>—</u>	<u>—</u>
<b>Net Assets</b>		<u><u>10,260</u></u>	<u><u>10,823</u></u>	<u><u>14,237</u></u>
<b>Capital and reserves</b>				
Share capital	28	—	—	—
Reserves	29	<u>10,260</u>	<u>10,823</u>	<u>14,237</u>
Total equity attributable to owners of the Company		<u><u>10,260</u></u>	<u><u>10,823</u></u>	<u><u>14,237</u></u>

The accompanying notes form an integral part of the Financial Information.

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**ACCOUNTANTS’ REPORT**

**Statements of Financial Position**

	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 March</b>
	<b>2014</b>	<b>2015</b>
<i>Notes</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Asset</b>		
<b>Current asset</b>		
Amount due from a shareholder	—	—
	—	—
<b>Net current asset</b>	—	—
<b>Net asset</b>	—	—
<b>Capital and reserves</b>		
Share capital	28	—
Reserves	29	—
<b>Total equity attributable to owners of the Company</b>	—	—

The accompanying notes form an integral part of the Financial Information.



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**ACCOUNTANTS’ REPORT**

**Combined Statements of Changes in Equity**

	Share capital <i>HK\$’000</i>	(Accumulated losses)/ retained earnings <i>HK\$’000</i>	Attributable to owners of the Company <i>HK\$’000</i>
As at 1 January 2013 (audited)	—	(8,209)	(8,209)
Profit for the year and total comprehensive income for the year	—	18,469	18,469
As at 31 December 2013 and 1 January 2014 (audited)	—	10,260	10,260
Profit for the year and total comprehensive income for the year	—	25,563	25,563
Dividends paid ( <i>note 15</i> )	—	(25,000)	(25,000)
As at 31 December 2014 and 1 January 2015 (audited)	—	10,823	10,823
Profit for the period and total comprehensive income for the period	—	3,414	3,414
As at 31 March 2015 (audited)	—	14,237	14,237
As at 1 January 2014 (audited)	—	10,260	10,260
Profit for the period and total comprehensive income for the period	—	275	275
As at 31 March 2014 (unaudited)	—	10,535	10,535

The accompanying notes form an integral part of the Financial Information.

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**ACCOUNTANTS' REPORT**

**Combined Statements of Cash Flows**

		Year ended 31 December 2013	Year ended 31 December 2014	Three months ended 31 March 2014 (unaudited)	Three months ended 31 March 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating activities</b>					
Profit before taxation		22,299	31,627	942	4,091
<b>Adjustments for:</b>					
Interest income	9	—	—	—	(9)
Written off of plant and equipment	12	—	2	—	—
Depreciation of plant and equipment	17	1,555	981	283	235
Operating cash flows before movements in working capital					
		23,854	32,610	1,225	4,317
(Increase)/decrease in work in progress		(1,598)	(1,138)	(784)	(632)
(Increase)/decrease in trade receivables		(11,059)	8,915	4,445	(629)
(Increase)/decrease in prepayments, deposits and other receivables		(823)	(801)	(940)	84
Decrease in amount due from a related company		163	19	19	—
Increase/(decrease) in trade payables		4,494	87	(1,203)	(456)
Increase/(decrease) in accruals and other payables		4,289	4,313	(2,956)	(5,434)
Increase in deposits received		993	2,737	3,519	203
Increase/(decrease) in amount due to a related company		842	(3,023)	(1,956)	—
Cash generated from/(used in) operating activities					
		21,155	43,719	1,369	(2,547)
Interest income received		—	—	—	9
Income taxes paid		—	(5,050)	—	(971)
<b>Net cash generated from/(used in) operating activities</b>					
		21,155	38,669	1,369	(3,509)
<b>Investing activity</b>					
Purchase of plant and equipment		(85)	(144)	(73)	—
<b>Net cash used in investing activity</b>					
		(85)	(144)	(73)	—

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**ACCOUNTANTS' REPORT**

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Three months ended 31 March 2014 <i>HK\$'000</i> (unaudited)	Three months ended 31 March 2015 <i>HK\$'000</i>
<b>Financing activities</b>				
Dividend paid to owners of the Company	—	(25,000)	—	—
Repayment to shareholders	<u>—</u>	<u>(17,039)</u>	<u>(17,039)</u>	<u>—</u>
<b>Net cash used in financing activities</b>	<u>—</u>	<u>(42,039)</u>	<u>(17,039)</u>	<u>—</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	21,070	(3,514)	(15,743)	(3,509)
<b>Cash and cash equivalents at the beginning of the year/period</b>	<u>747</u>	<u>21,817</u>	<u>21,817</u>	<u>18,303</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u><u>21,817</u></u>	<u><u>18,303</u></u>	<u><u>6,074</u></u>	<u><u>14,794</u></u>

The accompanying notes form an integral part of the Financial Information.

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**ACCOUNTANTS’ REPORT**

**II. NOTES TO THE FINANCIAL INFORMATION**

**1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 5 February 2014. Its parent and ultimate parent is Jumbo Ace Enterprises Limited (“Jumbo Ace”), a company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lau Man Tak (“Mr. Lau”), who is also the chairman and non-executive director of the Company. Jumbo Ace does not produce financial statements available for public use. The respective addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” of the Document.

The Company is an investment holding company. The Group is principally engaged in the provision of financial printing services.

The Financial Information is presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and its principal subsidiaries.

**2. REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION**

Pursuant to the Reorganisation as fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” of the Document, the Company become the holding company of the companies now comprising the Group on [REDACTED] 2015. The Companies now comprising the Group were under the common control of Mr. Lau before and after the Reorganisation. Accordingly, the Financial Information has been prepared on the basis by applying the principles of merger accounting as if the Reorganisation has been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period or since their respective date of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2013, 31 December 2014 and 31 March 2015 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated on combination.

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### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group and the Company has consistently applied the relevant HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations which are effective for financial periods beginning on 1 January 2015 (the “new and revised HKFRSs”) throughout the Track Record Period.

#### **New and revised HKFRSs issued but not yet effective**

At the date of this report, the Group has not early adopted the following new and revised HKFRSs that have been issued but not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>2</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>4</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an investor and its Associate or Joint Venture <sup>1</sup>
HKFRS 10, 12 and 28 (Amendments)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKAS 1 (Amendments)	Disclosure Initiative <sup>2</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants <sup>2</sup>
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement <sup>2</sup>

<sup>1</sup> Effective for first annual HKFRS financial statements beginning on or 1 January 2016, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018

#### **HKFRS 9 *Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In

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addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors of the Company anticipate that the application of HKFRS 9 will have no material impact on the Group’s consolidated financial statements.

### **Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) — *Investment Entities: Applying the Consolidation Exception***

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The directors of the Company anticipate that the adoption of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) will have no material impact on the Group’s consolidated financial statements.

### **Amendments to HKFRS 10 and HKAS 28 — *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor’s financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

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Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting for those transactions are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have no material impact on the Group’s consolidated financial statements.

### **Amendments to HKFRS 11 — *Accounting for Acquisition of Interests in Joint Operation***

HKFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

The directors of the Company anticipate that the application of these amendments to HKFRS 11 will have no material impact on the Group’s consolidated financial statements.

### **HKFRS 14 *Regulatory Deferral Accounts***

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles (“GAAP”) requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

The amendments are effective for first annual HKFRS financial statements beginning on or after 1 January 2016 with earlier application permitted.

The directors of the Company anticipate that the application of HKFRS 14 will have no material impact on the Group’s consolidated financial statements.

### **HKFRS 15 *Revenue from Contracts with Customers***

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have no material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements.

### **Amendments to HKAS 1 *Disclosure Initiative***

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The amendments can be applied immediately and become mandatory for annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that the application of these amendments to HKAS 1 will have no material impact on the Group’s consolidated financial statements.

### **Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

The directors of the Company anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have no material impact on the Group’s consolidated financial statements.

### **Amendments to HKAS 19 (2011) *Employee Benefits***

The issuance of HKAS 19 (2011) *Employee Benefits* completes improvements to the accounting requirements for pensions and other post-employment benefits and HKAS 19 (2011) makes important improvements by:

- Eliminating an option to defer the recognition of gains and losses, known as the ‘corridor method’, improving comparability and faithfulness of presentation.
- Streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity’s day-to-day operations.



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- Enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

### **Amendments to HKAS 27 *Equity Method in Separate Financial Statements***

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group’s and the Company’s results of operations and financial position.

### **New Companies Ordinance (Cap. 622 of the Laws of Hong Kong)**

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 31 December 2015 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the combined financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the combined financial statements will be affected.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of compliance**

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

### **Basis of preparation**

The Financial Information has been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

### **Merger accounting for common control combination**

The Financial Information incorporate the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or business are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or business have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction costs, including professional fees, registration fees, cost of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

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- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statements of profit or loss and other comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

### **Revenue recognition**

Revenue from provision of financial printing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

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Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

### Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Group as lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributable to non-controlling interests as appropriate).

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On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributable to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are included.

### **Retirement benefit costs**

The Group's contributions to the defined contribution retirement benefit plans are charged to profit or loss in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### *Current tax*

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from "profit before taxation" as reported in the combined statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

### *Current and deferred tax for the Track Record Period*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **Plant and equipment**

Plant and equipment are stated in the combined statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Impairment of assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **Work in progress**

Work in progress represents costs incurred on uncompleted financial printing projects that comprise of cost of suppliers directly engaged in providing the services and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### *Financial assets*

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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Income is recognised on an effective interest basis for debt instruments.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, amount due from a related company and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



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### *Financial liabilities and equity instruments*

#### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### *Financial liabilities*

Financial liabilities including trade payables, accruals and other payables, amount due to a related company and amount due to a shareholder are subsequently measured at amortised cost using the effective interest method.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

#### *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### Related parties transactions

A party is considered to be related to the Group if:

- (a) 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 of a parent of the Group.
- (b) 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 subsidiaries is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group 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. If the Group is itself such a plan, the sponsoring employees are also related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a)(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).

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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.

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The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognised in the combined financial statements.

**(a) Impairment of plant and equipment**

The Group reviews its plant and equipment for indications of impairment at each reporting period. In analysing potential impairments identified, the Group uses projections of future cash flows from the assets based on management’s assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(b) Impairment of trade receivables**

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition. The amount of 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. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

**(c) Depreciation**

Items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group’s historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

**(d) Provision**

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and those amount is reasonable estimate, a corresponding amount of provision is recognised in the financial statement. However, no provision is recognised for costs that need to be incurred to operate in the future.

**(e) Income taxes**

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that we initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

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**ACCOUNTANTS’ REPORT**

**6. FINANCIAL INSTRUMENTS**

**(a) Categories of financial instruments**

**The Group**

	<b>As at 31 December</b>		<b>As at</b>
	<b>2013</b>	<b>2014</b>	<b>31 March</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Financial assets</b>			
Loans and receivables (including bank balances and cash)			
— Trade receivables	22,564	13,649	14,278
— Other receivables	—	47	4
— Amount due from a related company	19	—	—
— Bank balances and cash	21,817	18,303	14,794
	<u>21,817</u>	<u>18,303</u>	<u>14,794</u>

	<b>As at 31 December</b>		<b>As at</b>
	<b>2013</b>	<b>2014</b>	<b>31 March</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Financial liabilities</b>			
Amortised cost			
— Trade payables	7,804	6,033	4,827
— Accruals and other payables	7,270	11,583	6,149
— Amount due to a related company	3,023	—	—
— Amount due to a shareholder	17,039	—	—
	<u>17,039</u>	<u>—</u>	<u>—</u>

**The Company**

	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 March</b>
	<b>2014</b>	<b>2015</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Financial assets</b>		
Loans and receivables (including bank balances and cash)		
— Amount due from a shareholder	—	—
	<u>—</u>	<u>—</u>

**(b) Financial risk management and fair values**

The directors of the Group monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest risk), credit risk and liquidity risk.

The Group’s major financial instruments include trade receivables, amount due from/(to) a related company, bank balances and cash, trade payables, accruals and other payables and amount due to a shareholder. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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*Credit risk*

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of bank balances, trade receivables and other receivables represent the Group’s maximum exposure to credit risk in relation to financial assets. In order to minimise the credit risk, the management monitors the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the management considers the Group does not expose to significant credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

*Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets, mainly the interest bearing bank balances. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and borrowings where necessary.

*Liquidity risk*

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders’ funds and internally generated cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by management to finance the Group’s operations and mitigate the effect of fluctuations in cash flows. Management monitors current and expected liquidity requirements on a regular basis.

The following tables detail Group’s contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which Group can be required to pay. The tables include both interest and principal cash flows.

**The Group**

	Weighted average interest rate %	On demand or within one year HK\$’000	More than one year but less than two years HK\$’000	More than two years but less than five years HK\$’000	Total undiscounted cash flow HK\$’000	Carrying amount HK\$’000
<b>As at 31 December 2013</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	—	7,804	—	—	7,804	7,804
Accruals and other payables	—	7,270	—	—	7,270	7,270
Amount due to a related company	—	3,023	—	—	3,023	3,023
Amount due to a shareholder	—	17,039	—	—	17,039	17,039
		<u>35,136</u>	<u>—</u>	<u>—</u>	<u>35,136</u>	<u>35,136</u>

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**As at 31 December 2014**

	Weighted average interest rate %	On demand or within one year HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
<b>Non-derivative financial liabilities</b>						
Trade payables	—	6,033	—	—	6,033	6,033
Accruals and other payables	—	11,583	—	—	11,583	11,583
		<u>17,616</u>	<u>—</u>	<u>—</u>	<u>17,616</u>	<u>17,616</u>

**As at 31 March 2015**

	Weighted average interest rate %	On demand or within one year HK\$'000	More than one year but less than two years HK\$'000	More than two years but less than five years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
<b>Non-derivative financial liabilities</b>						
Trade payables	—	4,827	—	—	4,827	4,827
Accruals and other payables	—	6,149	—	—	6,149	6,149
		<u>10,976</u>	<u>—</u>	<u>—</u>	<u>10,976</u>	<u>10,976</u>

**7. REVENUE**

An analysis of the Group's revenue for the Track Record Period is as follows:

	Year ended 31 December		Three months ended 31 March	
	2013 HK\$'000	2014 HK\$'000	2014 HK\$'000 (unaudited)	2015 HK\$'000
<b>Financial printing services:</b>				
Printing	67,918	91,087	14,167	12,732
Translation	23,664	28,850	4,918	5,015
Media placement	<u>7,495</u>	<u>14,195</u>	<u>3,671</u>	<u>2,579</u>
	<u>99,077</u>	<u>134,132</u>	<u>22,756</u>	<u>20,326</u>

**8. SEGMENT INFORMATION**

During the Track Record Period, the Group operates in one operating segment which is the provision of financial printing services. A single management team reports to the directors of the Group (being the chief operating decision-maker) who comprehensively manages the entire business. Accordingly, the Group does not present separately segment information. In addition, all of the Group's revenue is generated in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no business or geographical segment information is presented.

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**Information about major customers**

No individual customers contributed over 10% of the total revenue of the Group during the Track Record Period.

**9. OTHER INCOME**

	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Service fee for general office support service	120	—	—	—
Service fee for I.T. service	7	—	—	—
Interest income	—	—	—	9
Sundry income	53	29	3	30
	<u>180</u>	<u>29</u>	<u>3</u>	<u>39</u>

**10. FINANCE COSTS**

	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Bank charges	<u>6</u>	<u>11</u>	<u>3</u>	<u>1</u>

**11. TAXATION**

	Year ended 31 December		Three months ended 31 March	
	2013	2014	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Current tax — Hong Kong:				
Current year/period	2,147	6,326	842	708
Over provision in prior year/period				
— Hong Kong	—	(10)	—	—
Deferred tax ( <i>note 27</i> ):				
Current year/period	<u>1,683</u>	<u>(252)</u>	<u>(175)</u>	<u>(31)</u>
	<u>3,830</u>	<u>6,064</u>	<u>667</u>	<u>677</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Track Record Period.

For the year ended 31 December 2013, the Group has tax loss brought forward from prior year of approximately HK\$10,523,000 to offset against the assessable profit.

For the year ended 31 December 2014 and the three months ended 31 March 2014 and 2015, the Group has no tax loss brought forward from prior year to offset against the assessable profit in the future.

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The taxation charge for the year/period can be reconciled to the profit before taxation per combined statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Three months ended 31 March	
	2013 HK\$'000	2014 HK\$'000	2014 HK\$'000 (unaudited)	2015 HK\$'000
Profit before taxation	<u>22,299</u>	<u>31,627</u>	<u>942</u>	<u>4,091</u>
Tax at the applicable tax rate of 16.5%	3,679	5,219	155	675
Tax effect of expenses not deductible for tax purpose	3	1,001	659	3
Tax effect of unrecognised temporary difference	1,884	(148)	(147)	—
Tax effect of income not taxable for tax purpose	—	—	—	(1)
Over provision in prior year/period	—	(10)	—	—
Tax effect of tax loss not recognised	—	2	—	—
Utilisation of tax losses previously not recognised	<u>(1,736)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>3,830</u>	<u>6,064</u>	<u>667</u>	<u>677</u>

**12. PROFIT FOR THE YEAR/PERIOD**

	Year ended 31 December		Three months ended 31 March	
	2013 HK\$'000	2014 HK\$'000	2014 HK\$'000 (unaudited)	2015 HK\$'000
Profit for the year/period has been arrived at after charging:				
Directors’ emoluments ( <i>note 13</i> )	2,295	3,625	269	337
Other staff costs:				
Salaries and other benefits	16,707	20,496	4,549	4,904
Discretionary bonuses	4,622	7,588	187	302
Retirement scheme contributions	<u>697</u>	<u>848</u>	<u>205</u>	<u>247</u>
	<u>22,026</u>	<u>28,932</u>	<u>4,941</u>	<u>5,453</u>
Auditors’ remuneration	48	48	12	180
Depreciation of plant and equipment	1,555	981	283	235
Written off of plant and equipment	—	2	—	—
Operating lease rental expenses in respect of rented premises	7,358	8,946	2,236	2,236
Listing expenses	<u>—</u>	<u>6,041</u>	<u>3,967</u>	<u>—</u>



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**13. DIRECTORS’ EMOLUMENTS**

The aggregate amounts of emoluments paid by the companies now comprising the Group to the directors of the Company during the Track Record Period are as follows:

	Year ended 31 December		Three months ended 31 March	
	2013 HK\$’000	2014 HK\$’000	2014 HK\$’000 (unaudited)	2015 HK\$’000
Directors’ fees	—	—	—	—
Salaries and other benefits	1,073	1,088	261	327
Discretionary bonuses	1,192	2,503	—	—
Retirement schemes contributions	30	34	8	10
	<u>2,295</u>	<u>3,625</u>	<u>269</u>	<u>337</u>

Details for the emoluments of each directors of the Company during the Track Record Period are as follows:

	Year ended 31 December 2013				Total HK\$’000
	Directors’ fees HK\$’000	Salaries and other benefits HK\$’000	Discretionary bonuses HK\$’000	Retirement scheme contributions HK\$’000	
<b>Executive directors:</b>					
Ms. Chiu Hok Yu (“Ms. Chiu”)	—	593	908	15	1,516
Ms. Kwok Kam Lai (“Ms. Kwok”)	—	480	284	15	779
	<u>—</u>	<u>1,073</u>	<u>1,192</u>	<u>30</u>	<u>2,295</u>

	Year ended 31 December 2014				Total HK\$’000
	Directors’ fees HK\$’000	Salaries and other benefits HK\$’000	Discretionary bonuses HK\$’000	Retirement scheme contributions HK\$’000	
<b>Executive directors:</b>					
Ms. Chiu	—	560	1,824	17	2,401
Ms. Kwok	—	528	679	17	1,224
	<u>—</u>	<u>1,088</u>	<u>2,503</u>	<u>34</u>	<u>3,625</u>

	Three months ended 31 March 2014 (unaudited)				Total HK\$’000
	Directors’ fees HK\$’000	Salaries and other benefits HK\$’000	Discretionary bonuses HK\$’000	Retirement scheme contributions HK\$’000	
<b>Executive directors:</b>					
Ms. Chiu	—	134	—	4	138
Ms. Kwok	—	127	—	4	131
	<u>—</u>	<u>261</u>	<u>—</u>	<u>8</u>	<u>269</u>

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	Three months ended 31 March 2015				Total HK\$'000
	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	
<b>Executive directors:</b>					
Ms. Chiu	—	162	—	5	167
Ms. Kwok	—	165	—	5	170
	<u>—</u>	<u>327</u>	<u>—</u>	<u>10</u>	<u>337</u>

Note:

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Group and/or in their capacity as directors of the Company during the Track Record Period. No directors waived or agreed to waive any emoluments during the Track Record Period.

None of the directors of the Company is designated as chief executive of the Company during the Track Record Period.

**14. EMPLOYEES EMOLUMENTS AND SENIOR MANAGEMENT EMOLUMENTS**

The five highest paid individuals included two, two, two and one executive directors of the Company for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2014 and 2015 respectively, details of whose emoluments are set out above in note 13. The emoluments of the remaining individuals for the year ended 31 December 2013 and 2014 and the three months ended 31 March 2014 and 2015 are three, three, three and four respectively and individuals disclosed are as follows:

	Year ended 31 December		Three months ended 31 March	
	2013 HK\$'000	2014 HK\$'000	2014 HK\$'000 (unaudited)	2015 HK\$'000
Salaries and other benefits	2,643	3,709	670	743
Discretionary bonuses	2,452	4,130	—	—
Retirement benefit schemes contributions	<u>45</u>	<u>50</u>	<u>11</u>	<u>18</u>
	<u>5,140</u>	<u>7,889</u>	<u>681</u>	<u>761</u>

The number of non-director highest paid employees whose emoluments fell within the following bands is as follows:

	Year ended 31 December		Three months ended 31 March	
	2013 Number	2014 Number	2014 Number (unaudited)	2015 Number
Nil to HK\$1,000,000	1	—	3	4
HK\$1,000,001 to HK\$1,500,000	—	1	—	—
HK\$1,500,001 to HK\$2,000,000	1	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	—	—	—
HK\$2,500,001 to HK\$3,000,000	1	1	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	—	—
HK\$3,500,001 to HK\$4,000,000	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>
	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>

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The number of the senior management (excluding directors) whose emoluments fell within the following bands is as follows:

	Year ended 31 December		Three months ended 31 March	
	2013 <i>Number</i>	2014 <i>Number</i>	2014 <i>Number</i> (unaudited)	2015 <i>Number</i>
Nil to HK\$1,000,000	2	—	3	3
HK\$1,000,001 to HK\$1,500,000	—	2	—	—
HK\$1,500,001 to HK\$2,000,000	—	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	—	—	—
HK\$2,500,001 to HK\$3,000,000	1	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	—	—
HK\$3,500,001 to HK\$4,000,000	—	1	—	—
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Track Record Period, no emoluments were paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived or agreed to waive any emoluments during the Track Record Period.

**15. DIVIDENDS**

	Year ended 31 December		Three months ended 31 March	
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i>
Dividends	—	25,000	—	—

REF Holdings (HK) Limited (“REF Holdings (HK)”) declared and paid HK\$25,000,000 as special dividend for the financial year ended 31 December 2014 to Jumbo Ace.

No dividend has been paid or declared by the Company since the date of its incorporation.

**16. EARNINGS PER SHARE**

The calculation of basic earnings per share for the Track Record Period is based on the profit attributable to the owners of the Company for the Track Record Period and on the assumption that [REDACTED] ordinary shares had been in issue, comprising 100 ordinary shares in issue as at the date of this document and [REDACTED] ordinary shares to be issued pursuant to the [REDACTED] as detailed in the sub-section headed “Share Capital” set out in this document as if the shares had been outstanding throughout the entire Track Record Period.

No diluted earnings per share is presented for the Track Record Period as there was no potential dilutive ordinary shares in issue.

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**17. PLANT AND EQUIPMENT**

	<b>Leasehold improvement</b> <i>HK\$'000</i>	<b>Office equipment</b> <i>HK\$'000</i>	<b>Furniture and fixtures</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>				
As at 1 January 2013	1,950	1,866	2,609	6,425
Additions	<u>—</u>	<u>71</u>	<u>14</u>	<u>85</u>
As at 31 December 2013 and 1 January 2014	1,950	1,937	2,623	6,510
Additions	—	135	9	144
Written off	<u>—</u>	<u>(11)</u>	<u>—</u>	<u>(11)</u>
As at 31 December 2014 and 1 January 2015	1,950	2,061	2,632	6,643
Additions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 31 March 2015	<u><u>1,950</u></u>	<u><u>2,061</u></u>	<u><u>2,632</u></u>	<u><u>6,643</u></u>
<b>Accumulated depreciation</b>				
As at 1 January 2013	1,246	720	999	2,965
Provided for the year	<u>650</u>	<u>383</u>	<u>522</u>	<u>1,555</u>
As at 31 December 2013 and 1 January 2014	1,896	1,103	1,521	4,520
Provided for the year	54	401	526	981
Written off	<u>—</u>	<u>(9)</u>	<u>—</u>	<u>(9)</u>
As at 31 December 2014 and 1 January 2015	1,950	1,495	2,047	5,492
Provided for the period	<u>—</u>	<u>103</u>	<u>132</u>	<u>235</u>
As at 31 March 2015	<u><u>1,950</u></u>	<u><u>1,598</u></u>	<u><u>2,179</u></u>	<u><u>5,727</u></u>
<b>Net book values</b>				
As at 31 December 2013	<u>54</u>	<u>834</u>	<u>1,102</u>	<u>1,990</u>
As at 31 December 2014	<u>—</u>	<u>566</u>	<u>585</u>	<u>1,151</u>
As at 31 March 2015	<u><u>—</u></u>	<u><u>463</u></u>	<u><u>453</u></u>	<u><u>916</u></u>

The above items of plant and equipment are depreciated over their estimated useful lives on a straight-line basis as follows:

Leasehold improvement	3 years
Office equipment	5 years
Furniture and fixtures	5 years

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**18. INVESTMENT IN SUBSIDIARIES**

As at the date of this report, details of the Company’s subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital at the date of this report	Attributable equity interest and voting power held by the Company			Principal activities
			Direct %	Indirect %	At the date of this report %	
REF Holdings (HK) (formerly known as REF Holdings Limited)	Hong Kong, 28 April 2010	Ordinary shares HK\$1	—	—	100	Investment holding
REF Financial	Hong Kong, 28 April 2010	Ordinary shares HK\$1	—	—	100	Provision of financial printing services

**19. TRADE RECEIVABLES**

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
			HK\$'000
Trade receivables	22,564	13,649	14,278

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting periods:

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
			HK\$'000
Current — neither past due nor impaired	10,984	5,061	9,520
Under 30 days past due	5,656	2,957	1,699
30–59 days past due	3,137	2,271	645
60–119 days past due	2,063	1,467	983
120–149 days past due	162	365	44
Over 150 days past due	562	1,528	1,387
	<u>22,564</u>	<u>13,649</u>	<u>14,278</u>

The Group generally allows a credit period of 30 days to its customers. Receivables that were neither past due nor impaired related to customers for whom there was no default. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

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**Age of receivables that are past due but not impaired**

	As at 31 December		As at
	2013	2014	31 March
	HK\$’000	HK\$’000	2015
Under 30 days past due	5,656	2,957	1,699
30–59 days past due	3,137	2,271	645
60–119 days past due	2,063	1,467	983
120–149 days past due	162	365	44
Over 150 days past due	562	1,528	1,387
	<u>11,580</u>	<u>8,588</u>	<u>4,758</u>

The Group does not hold any collateral over the balances.

**20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

**The Group**

	As at 31 December		As at
	2013	2014	31 March
	HK\$’000	HK\$’000	2015
Prepayments on listing expenses	363	938	938
Rental, utility and other deposits	2,984	3,183	3,195
Prepayments and other receivables	444	471	375
	<u>3,791</u>	<u>4,592</u>	<u>4,508</u>

**21. AMOUNT DUE FROM A RELATED COMPANY**

**Maximum balance outstanding  
during the year/period ended**

Name of Company	31 December		31 March	As at 31 December		As at
	2013	2014	2015	2013	2014	31 March
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	2015
Aurum Pacific (China) Group Limited (“Aurum”)	276	19	—	19	—	—

The amount due from a related company which was in trade nature is unsecured, interest-free and has a credit period of up to 30 days. The amount was fully settled during the year ended 31 December 2014.

**22. BANK BALANCES AND CASH**

Bank balances and cash carrying interest at market rates are 0.001% per annum for the years ended 31 December 2013, 31 December 2014 and for the three months ended 31 March 2015 respectively.

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**23. TRADE PAYABLES**

	As at 31 December		As at
	2013	2014	31 March
	HK\$’000	HK\$’000	2015
			HK\$’000
Trade payables	<u>7,804</u>	<u>6,033</u>	<u>4,827</u>

The credit period from suppliers is up to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 31 December		As at
	2013	2014	31 March
	HK\$’000	HK\$’000	2015
			HK\$’000
Current — up to 60 days	<u>7,804</u>	<u>6,033</u>	<u>4,827</u>

**24. ACCRUALS AND OTHER PAYABLES**

	As at 31 December		As at
	2013	2014	31 March
	HK\$’000	HK\$’000	2015
			HK\$’000
Accruals	131	509	442
Other payables ( <i>note</i> )	<u>7,139</u>	<u>11,074</u>	<u>5,707</u>
	<u>7,270</u>	<u>11,583</u>	<u>6,149</u>

*Note:*

Included above are provision of staff bonus of approximately HK\$6,133,000, HK\$10,165,000 and HK\$5,054,000 as at 31 December 2013, 31 December 2014 and 31 March 2015 respectively.

**25. AMOUNT DUE TO A RELATED COMPANY**

As at 31 December 2013, the amount due to Finlang Translation Services Limited (“Finlang”) which was in trade nature and non-trade nature. The amount is unsecured, interest-free and repayable on demand and was fully settled during the year ended 31 December 2014.

**26. AMOUNT DUE TO A SHAREHOLDER**

**The Group**

The amount is due to Jumbo Ace is in non-trade nature. The amount is unsecured, interest-free and repayable on demand and was fully settled during the year ended 31 December 2014.

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**27. DEFERRED TAXATION**

The followings are the major deferred tax balances recognised and movements thereon during the Track Record Period:

**Deferred tax liability**

	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>
At 1 January 2013	127
Credit to profit or loss	<u>(53)</u>
At 31 December 2013 and 1 January 2014	74
Credit to profit or loss	<u>(74)</u>
At 31 December 2014 and 1 January 2015	—
Credit to profit or loss	<u>—</u>
At 31 March 2015	<u><u>—</u></u>

**Deferred tax asset**

	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>	<b>Tax losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2013	—	1,736	1,736
Charge to profit or loss	<u>—</u>	<u>(1,736)</u>	<u>(1,736)</u>
At 31 December 2013 and 1 January 2014	—	—	—
Credit to profit or loss	<u>178</u>	<u>—</u>	<u>178</u>
At 31 December 2014 and 1 January 2015	178	—	178
Credit to profit or loss	<u>31</u>	<u>—</u>	<u>31</u>
At 31 March 2015	<u><u>209</u></u>	<u><u>—</u></u>	<u><u>209</u></u>

**28. SHARE CAPITAL**

For the purpose of the presentation of the combined statements of financial position, the balance of the share capital as at 31 December 2013 represents the issued and fully paid share capital of REF Holdings (HK) Limited prior to the establishment of the Company.

For the purpose of the presentation of the combined statements of financial position, the balance of the share capital as at 31 December 2014 and 31 March 2015 represent the issued share capital of the Company and REF Holdings (HK) prior to the completion of Reorganisation.



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Details of movements of share capital of the Company are as follows:

	<b>Number of shares</b>	<b>Amount HK\$</b>
Authorised:		
Ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Issue of shares upon incorporation on 5 February 2014	<u>1</u>	<u>—</u>
Balance as at 31 December 2014, 1 January 2015 and 31 March 2015	<u>1</u>	<u>—</u>

**29. RESERVES**

**(a) The Group**

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the combined statement of changes in equity of the Financial Information.

**(b) The Company**

	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
As at the date of incorporation	—	—
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>
As at 31 December 2014 and 1 January 2015	—	—
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>
As at 31 March 2015	<u>—</u>	<u>—</u>

**30. CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of total borrowings and equity attributable to owners of the Company, comprising share capital, reserves and retained profits as disclosed in the Financial Information.

The directors of the Company review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and balance its overall capital structure through the payment of dividends and injection of capital.

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The following is the gearing ratio at the end of each reporting period:

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
Total borrowings ( <i>note (a)</i> )	20,062	—	—
Total equity ( <i>note (b)</i> )	<u>10,260</u>	<u>10,823</u>	<u>14,237</u>
Gearing ratio	<u>195.5%</u>	<u>N/A</u>	<u>N/A</u>

Notes:

- (a) Total borrowings represent amounts due to a related company and a shareholder.
- (b) Total equity includes share capital and reserves at the end of each reporting period.

**31. RETIREMENT BENEFIT PLANS**

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The total expense recognised in profit or loss and other comprehensive income of approximately HK\$727,000, HK\$882,000, HK\$213,000 and HK\$257,000 respectively, represent contributions paid and/or payable to the scheme by the Group for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2014 and 2015 respectively.

**32. OPERATING LEASE ARRANGEMENTS**

**The Group as lessee:**

At the end of each reporting date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	As at 31 December		As at
	2013	2014	31 March
	HK\$'000	HK\$'000	2015
Within one year	9,536	9,240	9,522
In the second to fifth year inclusive	<u>16,695</u>	<u>7,455</u>	<u>7,519</u>
	<u>26,231</u>	<u>16,695</u>	<u>17,041</u>

Operating lease related to its office premise and equipment with lease terms ranging from three to five years.

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**33. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES**

Save as disclosed in elsewhere in the Document, the Group had also entered into the following material related party transactions during the Track Record Period:

**(a) Transactions with related parties**

Name of Company	Nature of transaction	Year ended		Three months ended	
		31 December	31 December	31 March	31 March
		2013	2014	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Aurum (note (i))	Financial printing services income rendered	385	2	2	—
Finlang (note (ii))	Translation fee charged	<u>6,795</u>	<u>7,184</u>	<u>1,109</u>	<u>—</u>

Notes:

- (i) As at 31 December 2014, Aurum is owned as to approximately 35.4% (2013: 71.5%) by Mr. Lau, a substantial shareholder and non-executive director of the Company. In the opinion of the directors of the Company, the transactions were conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties. In May 2015, Mr. Lau ceased to be the controlling shareholder of Aurum having reduced his shareholding interest in Aurum to 7.52% and as such Aurum ceased to be a related party of the Company.
- (ii) As at 31 December 2013, Finlang is owned as to 55% by Gold Senses Limited which is wholly-owned by Jumbo Ace, a substantial shareholder of the Company. In the opinion of the directors of the Company, the transactions were conducted in the normal course of business and based on the terms mutually determined and agreed by the respective parties. Pursuant to the sales and purchase agreement dated 30 December 2014, Jumbo Ace indirectly disposed of Finlang to an Independent Third Party via the sale of entire shareholding interest in Gold Senses.

**(b) Compensation of key management personnel**

The directors of the Company are identified as key management members of the Group and their compensation during the Track Record Period is set out in note 13.

**III. SUBSEQUENT EVENTS**

Save as disclosed elsewhere in the Document, the Group’s major subsequent events included the following:

- (1) Pursuant to a reorganisation, as more fully explained in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” to the Document, the Company became the holding company of the Group on [REDACTED] 2015.
- (2) There were resolutions in writing of the sole shareholder passed on [REDACTED] 2015. Please refer to section headed “Resolutions in writing of the sole shareholder passed on [REDACTED] 2015” to Appendix IV to this Document for further details.
- (3) The Company’s independent non-executive directors, Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard were appointed on [REDACTED] 2015.

**APPENDIX I**

**ACCOUNTANTS' REPORT**

**IV. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to [31 March] 2015.

Yours faithfully,

**HLB Hodgson Impey Cheng Limited**

*Certified Public Accountants*

**Wong Sze Wai, Basilia**

Practising Certificate Number: P05806

Hong Kong

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The information sets out in this appendix does not form part of the Accountants’ Report prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this Document, 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” in this Document and the Accountants’ Report as set out in Appendix I to this Document.

**A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following is an illustrative statement of the unaudited pro forma adjusted net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the listing by way of [REDACTED] as if it had been taken place on 31 March 2015 and based on the audited combined net tangible assets attributable to owners of the Company as of 31 March 2015 as shown in the Accountant’s Report, the text of which is set out in Appendix I to this Document, and adjusted as described below.

The unaudited pro forma adjusted net tangible assets of the 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 the Group after the completion of the [REDACTED].

<b>Audited combined net tangible assets attributable to owners of our Company as at 31 March 2015</b>	<b>Estimated net proceeds from the [REDACTED]</b>	<b>Unaudited pro forma adjusted combined net tangible assets</b>	<b>Unaudited pro forma adjusted combined net tangible assets per Share</b>
<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$</i>
<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>

Based on the  
[REDACTED] Price of  
[REDACTED] per  
[REDACTED] Share

<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
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Based on the  
[REDACTED] Price of  
[REDACTED] per  
[REDACTED] Share

<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
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Notes:

- (1) The audited combined net tangible assets attributable to owners of our Company as at 31 March 2015 is based on the combined net assets of our Group attributable to owners of our Company as of 31 March 2015, as shown in the Accountants’ Report, the text of which is set out in Appendix I to this Document.

<b>APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION</b>
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- (2) The estimated net proceeds from the [REDACTED] of New Shares are based on the indicative [REDACTED] Prices of [REDACTED] or [REDACTED] per Share respectively after deduction of the estimated [REDACTED] commission and other related fees and expenses (excluding listing expenses which has been accounted for prior to 31 March 2015) payable by the Company.
- (3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transaction of the Group entered into subsequent to 31 March 2015.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to the preceding paragraphs and on the basis that [REDACTED] are in issue immediately upon the completion of the [REDACTED].

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[REDACTED]

**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

[REDACTED]



**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

[REDACTED]

**APPENDIX III**

**SUMMARY OF THE CONSTITUTION OF THE  
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

Set out below is a summary of certain provisions of the Memorandum and the Articles of the 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 5 February 2014 under the Cayman Companies Law. The Company's constitutional documents consist of the Memorandum and the Articles.

**1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the 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 the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

**2. ARTICLES OF ASSOCIATION**

The Articles were adopted on [REDACTED] 2015. The following is a summary of certain provisions of the Articles:

**(a) Shares**

*(i) Classes of shares*

The share capital of the Company consists of ordinary shares.

*(ii) Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time

**APPENDIX III**

**SUMMARY OF THE CONSTITUTION OF THE  
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to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

**(b) Directors**

*(i) Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman 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 thereto 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 thereof, they are 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 thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman 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.

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*(ii) Power to dispose of the assets of the Company or any subsidiary*

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 Cayman 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.

*(iii) 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.

*(iv) Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

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 (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.

*(v) Disclosure of interest in contracts with the Company or with 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 therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other 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 thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

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No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, 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 thereby established. 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 therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, 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 namely:

- (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 or 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 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 its subsidiaries including (i) the adoption, modification or operation of 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) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his 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), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or

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- (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 or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

*(vi) 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 amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other 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 (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be 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 (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) 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 other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such 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.

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In addition, 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.

*(vii) 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 appointed by the Board 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 appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. 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 will 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 who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (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 shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 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 the Board or retirement therefrom.

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

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Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

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 or Directors and 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.



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*(viii) Borrowing powers*

Pursuant to the Articles, 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 Cayman 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. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

*(ix) Register of Directors and officers*

Pursuant to the Cayman 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 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

*(x) Proceedings of the Board*

Subject to the Articles, 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**

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 by the Company by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Cayman Companies Law, if at any time the share capital of the 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. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, 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.

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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.

**(e) 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 thereto respectively 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; and (e) cancel shares which, at the date of the passing 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; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

**(f) Special resolution — majority required**

In accordance with the Articles, 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 Cayman 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 defined in the Articles to mean 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 not less than 14 clear days' notice has been given and held in accordance with the Articles. 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.

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**(g) Voting rights (generally and on a poll) 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 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 the foregoing purpose as paid up on the share, and 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. Notwithstanding anything contained in the Articles, 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 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:

- (i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares 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.

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Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

**(h) 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.

**(i) 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 the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law 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 or book or document of the Company except as conferred by the Cayman 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 has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), 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 (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

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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.

**(j) Notices of meetings and business to be conducted thereat**

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, 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 either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid 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 for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

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 a meeting called as 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, being a majority together holding not less than 95% of the total voting rights at the meeting of all members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;

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- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors;
- (ee) the fixing of the remuneration of the Directors and of the auditors;
- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

**(k) Transfer of shares**

Subject to the Cayman Companies Law, 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 provided always that it shall be in such form prescribed by the Stock Exchange 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 in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

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.

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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 any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, 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 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 (as defined in the Articles), 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 with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

**(l) Power of the Company to purchase its own shares**

The Company is empowered by the Cayman Companies Law and the Articles to 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, 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.

**(m) 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.

**(n) 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.

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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 whereof 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; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. 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 on the share capital of the Company, 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 thereto 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 addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. 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.



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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 subsequently declared 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 made use of 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.

**(o) 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 an officer or attorney duly authorised. 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 use by him 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.

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**(p) Calls on shares and forfeiture of shares**

The Board may from time to time make such calls as it may think 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 thereof 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 the payment thereof 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 thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him 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 will 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 it 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 time appointed, 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.

**(q) Inspection of corporate records**

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that 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

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Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

**(r) 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.

**(s) 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.

**(t) 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 shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed 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.

In the event that 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 Cayman Companies Law divide among the members in specie or kind the

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whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of 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 divided as aforesaid 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 shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(u) Untraceable members**

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.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months' notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(v) Subscription rights reserve**

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman 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.

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**3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 5 February 2014 subject to the Cayman 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 Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is 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**

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that 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 Cayman Companies Law provides that 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 Cayman 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, the Cayman Companies Law provides that 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.

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It is further provided by the Cayman Companies Law that, 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.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(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 acting 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. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. 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.

Under Section 37A(1) the Cayman Companies Law, 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 (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such

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shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman 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 and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that 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 to the company, 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 thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is *ultra vires* the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of 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 thereof 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 thereon.

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Moreover, 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 in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that 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 the Company keeps its books of account at any place other than at its registered office or at 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 (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor in Cabinet:



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- (i) that 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) in addition, that 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 (2011 Revision).

The undertaking for the Company is for a period of twenty years from 18 February 2014.

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 certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

There is no stamp duty 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**

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of the company have no general right under the Cayman Companies Law 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. The Cayman Companies Law contains 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

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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) Winding up**

A Cayman Islands company may be wound up either 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 occurs where the Company so 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; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such 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 shall be 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 has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

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 shall take 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, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are 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

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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.

**(p) Reconstructions**

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of 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 would have 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, nonetheless 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.

**(q) 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 the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands 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.

**(r) 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, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. 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.

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**FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES**

**1. Incorporation of our Company**

Our Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law on 5 February 2014. Our Company has established a place of business in Hong Kong at 3rd Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 12 March 2014. In connection with such registration, Ms. Chiu and Ms. Kwok have been appointed as the authorised representatives of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operations are subject to the Cayman Islands company law and its constitution, which comprises of its memorandum and articles of association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Islands company law is set out in Appendix III to this document.

**2. Changes in authorised and issued share capital of our Company**

Our Company is incorporated in the Cayman Islands on 5 February 2014. Upon incorporation, 1 Share was issued to Reid Services Limited with such Share being transferred to Jumbo Ace for HK\$0.01 on the same date. The authorised share capital of our Company as at the date of its incorporation was HK\$100,000 divided into 10,000,000 shares of par value HK\$0.01 each.

On [REDACTED] 2015, our Company allotted and issued 99 Shares to Jumbo Ace credited as fully paid, as consideration for the transfer of the entire shareholding interests of REF Holdings from Jumbo Ace to our Company.

**3. Resolutions in writing of the Sole Shareholder passed on [REDACTED] 2015**

Pursuant to the resolutions in writing passed by the Sole Shareholder on [REDACTED] 2015, among other matters:

- (a) our Company approved and adopted the Memorandum and the Articles;
- (b) our Company increased its authorised share capital from HK\$100,000 divided into 10,000,000 Shares of par value HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of par value HK\$0.01 each by the creation of 9,990,000,000 Shares of par value HK\$0.01 each, each ranking par passu in all respects with the Shares in issue at the date of passing of these resolutions;
- (c) our Company adopted the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" below, and our Directors were authorised to grant options to subscribe for the Share thereunder and, conditional on the Listing Committee of the Stock Exchange granting of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Share

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Option Scheme on or before the date falling 30 days after the date of this document, to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme;

- (d) conditional on the [REDACTED] granting the [REDACTED] of, and permission to deal in the Shares in issue and to be issued as mentioned in this document and on the obligations of the Underwriters 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 day falling 30 days after the date of this document:
- (i) the [REDACTED] was approved and our Directors were authorised to allot and issue the new Shares under the [REDACTED];
  - (ii) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the [REDACTED] by the Company pursuant to the [REDACTED], our Directors were authorised to capitalise approximately [REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par [REDACTED] Shares for allotment and issue to the Shareholders whose names appear on the register of members of our Company at the close of business on [REDACTED] 2015 (or as each of them may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their respective shareholdings in our Company, and the Shares allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares;
  - (iii) 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, scrip dividend schemes or similar arrangements in accordance with the Articles, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the [REDACTED] or the [REDACTED], Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED] (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors as set out in this paragraph (iii), whichever occurs first; and
  - (iv) a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to purchase the Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of

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the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED] (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors as set out in this paragraph (iv), whichever occurs first.

### 4. Group reorganisation

The companies comprising our Group underwent a reorganisation to rationalise our Group’s structure in preparation for the listing of the Shares on the Stock Exchange. Please refer to the section headed “History, Reorganisation and Corporate Structure” in this document for further details.

### 5. Changes in share capital of subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this document. There have been no changes to the share capital made by our subsidiaries during the two years preceding the date of this document.

### 6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of its own securities.

#### *(a) Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

##### *(i) Shareholders’ approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange 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 a resolution in writing passed by the Sole Shareholder on [REDACTED] 2015, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or 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, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED] (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme). The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

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*(ii) Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles, the Companies Law, the applicable laws and regulations of the Cayman Islands and the GEM Listing Rules. A listed company may not repurchase its own securities on the Stock Exchange 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. Under Cayman Islands law, any repurchases by our Company may only be made out of profits of our Company, or out of our Company’s share premium account, or out of the proceeds of a fresh issue of share made for the purpose of the repurchase, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of either or both the profits of our Company or our Company’s share premium account, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

*(iii) Connected parties*

A company is prohibited from knowingly repurchasing securities from a “connected person”, that is, a director, chief executive or substantial shareholder of our Company or any of their respective associates and a connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

**(b) Reasons for repurchases**

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the 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 the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

**(c) Funding of repurchases**

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

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The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] in issue immediately after the listing of the Shares on the Stock Exchange, would result in up to [REDACTED] Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

### *(d) General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

Our 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 and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

## FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

### 7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

- (a) the Reorganisation Agreement dated [REDACTED] 2015 entered into between our Company and Jumbo Ace relating to the transfer of the entire issued share capital of REF Holdings to us in consideration of the allotment and issue of 99 Shares to Jumbo Ace, credited as fully paid;
- (b) the Deed of Indemnity entered into by our Controlling Shareholders and our Company dated [REDACTED] 2015, details of which are set out in paragraph 14 of this Appendix;
- (c) the Deed of Non-Competition entered into by our Controlling Shareholders in favour of our Company dated [REDACTED] 2015, details of which are set out in the section headed "Relationship with Controlling Shareholders — Non-Competition Undertaking" in this document;



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(d) the Underwriting Agreement entered into between the Company, the executive Directors, the Controlling Shareholders, the Sole Sponsor, the [REDACTED] and the Underwriters dated [REDACTED] 2015, details of which are set out in this section headed “Underwriting” of this document.

**8. Intellectual Property Rights of our Group**

*(a) Trademarks*

As at the Latest Practicable Date, our Group has registered the following trademarks:

Trademark	Registered Owner	Class	Place of registration	Trade Mark No.	Effective Period
	REF Financial Press Limited	16, 35	Hong Kong	301889704	14 April 2011 to 13 April 2021
	REF Holdings (HK) Limited	16, 35	Hong Kong	302879498	27 January 2014 to 26 January 2024
	REF Holdings (HK) Limited	16, 36	Hong Kong	302879506	27 January 2014 to 26 January 2024
					

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*(b) Domain name*

As at the Latest Practicable Date, our Group had registered the following domain name:

<b>Domain name</b>	<b>Commencement Date</b>	<b>Expiry date</b>
ref.com.hk	29 April 2010	29 April 2016

Information contained in the above website does not form part of this document.

Save as disclosed above, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

**FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**

**9. Directors**

*(a) Disclosure of interests of Directors*

- (i) Mr. Lau, being a Controlling Shareholder is interested in the corporate reorganisation referred to in the paragraph headed "Group reorganisation" above.
- (ii) Save as disclosed in this document, none of our Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this document.

*(b) Particulars of service contracts*

Each of Ms. Chiu and Ms. Kwok were re-designated as executive Directors on 7 March 2014 and being all the executive Directors, and Mr. Lau was appointed as the non-executive Director on 7 March 2014. Each of Ms. Chiu and Ms. Kwok has entered into a service contract with our Company on [REDACTED] 2015. Particulars of these agreements, except as indicated, are in all material respects identical and are set out below:

- (i) each service agreement is of three years commencing from the Listing Date and will continue thereafter until terminated in accordance with the terms of the service agreement;
- (ii) the initial annual salary for each of Ms. Chiu and Ms. Kwok is set out below, such salary to be reviewed annually by the Board and the Remuneration Committee of our Company; and
- (iii) each of these executive Directors is entitled to such management bonus by reference to the consolidated net profits of our Group before taxation and minority interests but before extraordinary items as the Board and the Remuneration Committee of our Company may approve, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to him or her.

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The current basic annual salaries of the executive Directors are as follows:

<b>Name</b>	<b>Amount</b>
Ms. Chiu Hok Yu	HK\$330,000
Ms. Kwok Kam Lai	HK\$660,000

Mr. Lau, being the only non-executive Director, has entered into a letter of appointment with our Company on [REDACTED] 2015. The letter of appointment is for an initial term commencing on the Listing Date, and shall continue thereafter for one year unless terminated by either party giving at least one month's notice in writing. Mr. Lau is not entitled to any director's fee.

Each of Mr. Leung Chi Hung, Mr. Wong Kun Kau and Mr. Lum Chor Wah Richard, being all the independent non-executive Directors, has entered into a letter of appointment with our Company on [REDACTED] 2015. Each letter of appointment is for an initial term of one year commencing on the Listing Date, and shall continue thereafter subject to a maximum of three years unless terminated by either party giving at least one month's notice in writing. Each independent non-executive Director is entitled to an annual director's fee of [HK\$180,000].

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

**(c) Directors' remuneration**

During the Track Record Period, the aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors was approximately HK\$2,295,000, HK\$3,625,000 and HK\$337,000 for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding any bonus, if any, payable to the Director) payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 December 2015 will be approximately [HK\$1,356,000].

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended 31 December 2013 and 2014 and the three months ended 31 March 2015.

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*(d) Interests and short positions of Directors in the share, underlying shares or debentures of our Company and its associated corporations*

Immediately following the completion of the [REDACTED] and the [REDACTED] but without taking into account the issue of any Shares upon the exercise of options which may be granted under the Share Option Scheme, the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of the SFO) which 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 interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held after the [REDACTED]</b>	<b>Percentage of shareholding after the [REDACTED]</b>
Mr. Lau	Interest in controlled corporation ( <i>Note 1</i> )	[REDACTED]	[REDACTED]
Ms. Lim Youngsook	Family Interest ( <i>Note 2</i> )	[REDACTED]	[REDACTED]

*Note:*

1. Mr. Lau owns 76.25% of the issued share capital of Rising Luck. Rising Luck holds 80% of the entire issued share capital of Jumbo Ace and Mr. Lau holds a direct 5% interest in Jumbo Ace. Jumbo Ace holds [REDACTED] of the issued share capital of our Company upon [REDACTED].
2. Ms. Lim Youngsook is the spouse of Mr. Lau and is therefore deemed to be interested in the shares owned by Mr. Lau (by himself and through his controlled corporations).

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**10. Interest discloseable under the SFO and substantial shareholders**

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the [REDACTED] and taking no account of any Shares which may be taken up under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the following persons/entities will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held after the [REDACTED]</b>	<b>Percentage of shareholding after the [REDACTED]</b>
Jumbo Ace	Beneficial Owner	[REDACTED]	[REDACTED]
Rising Luck	Interest in controlled corporation ( <i>Note 1</i> )	[REDACTED]	[REDACTED]
Mr. Lau	Interest in controlled corporation ( <i>Note 2</i> )	[REDACTED]	[REDACTED]
Ms. Lim Youngsook	Family Interest ( <i>Note 3</i> )	[REDACTED]	[REDACTED]

*Notes:*

- (1) Rising Luck owns 80% of the entire issued share capital of Jumbo Ace.
- (2) Mr. Lau owns 76.25% of the issued share capital of Rising Luck which in turn owns 80% of the issued share capital of Jumbo Ace and has a direct 5% interest in Jumbo Ace.
- (3) Ms. Lim Youngsook is the spouse of Mr. Lau and is therefore deemed to be interested in the Shares owned by Mr. Lau (by himself and through his controlled corporations).

**11. Related party transactions**

During the two years immediately preceding the date of this document, our Group engaged in the related party transactions as mentioned in note 33 of the Accountants' Report set out in Appendix I to this document.

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**12. Disclaimers**

Save as disclosed in this document:

- (a) and taking no account of any Shares which may be taken up or acquired under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the [REDACTED] and the [REDACTED] will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors or chief executive of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in the paragraph headed “Qualifications and consents of experts” below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this document, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for [REDACTED] either in his/her own name or in the name of a nominee;
- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and
- (e) none of the experts named in the paragraph headed “Qualifications and consents of experts” below has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

## SHARE OPTION SCHEME

### 13. Share Option Scheme

Our Company has conditionally approved and adopted the Share Option Scheme pursuant to written resolutions passed by the Shareholders on [REDACTED] 2015. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, 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) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to advance the interests of our Company and the Shareholders by enabling our Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to our Group and by enabling such persons' contribution to further advance the interests of our Group.

#### *(b) Participants of the Share Option Scheme and Eligibility Criteria*

The eligible persons of the Share Option Scheme to whom options may be granted by the Board shall include (collectively “Eligible Persons”):

- (i) any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of our Group (collectively “Employee”);
- (ii) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of our Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to our Group; any customer of our Group; or any holder of securities issued by any member of our Group (collectively “Business Associate”); and
- (iii) any other person, who at the sole discretion of the Board, has contributed to our Group (the assessment criteria of which are (1) such person's contribution to the development and performance of our Group; (2) the quality of work performed by such person for our Group; (3) the initiative and commitment of such person in performing his duties; (4) the length of service or contribution of such person to our Group; and (5) such other factors as considered to be applicable by the Board).

The Board may in its absolute discretion specify such conditions as it thinks fit when granting an option to an Eligible Person (including, without limitation, as to any minimum period an option must have been held or the minimum period of service or relationship with any member of our Group to be achieved before an option can be exercised (or any part thereof), to the extent of the option which can be exercised at any material time, or any performance criteria which must

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be satisfied by the Eligible Person, our Company, and its subsidiaries, before an option may be exercised), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme and the GEM Listing Rules.

**(c) *Life of the Share Option Scheme***

Our Company may, by ordinary resolution in general meeting, or the Board may, at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

**(d) *Subscription Price***

The subscription price in respect of any option shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of:

- (i) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the offer date for the grant of the option (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Person), which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date; or
- (iii) the nominal value of the Share.

**(e) *Acceptance of Offers***

An offer shall remain open for acceptance by the Eligible Person concerned for such period as determined by the Board, being a date not later than ten Business Days after the offer date by which the Eligible Person must accept the offer or be deemed to have declined it, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme.

The amount payable by the grantee to our Company on acceptance of the offer shall be a nominal amount to be determined by the Board.



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***(f) Maximum number of Shares available for Subscription***

- (i) 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 shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme unless our Company obtains a fresh approval from the Shareholders pursuant to paragraph (f)(ii) below.
- (ii) Our Company may seek approval of Shareholders in general meeting to renew the 10% limit set out in paragraph (f)(i) above such that the total number of Shares in respect of which options may be granted by the Board under the Share Option Scheme and any other share option schemes of our Company in issue shall not exceed 10% of the total number of Shares in issue as at the date of approval of the renewed limit.
- (iii) Our Company may grant options to specified participant(s) beyond the 10% limit set out in paragraph (f)(i) above provided that the options granted in excess of such limit are specifically approved by the Shareholders in general meeting and the participants are specifically identified by our Company before such approval is sought. In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.
- (iv) Notwithstanding the foregoing and subject to the paragraph (g) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of Shares in issue from time to time.

***(g) Maximum entitlement of each Eligible Person***

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of our Company.

Where any further grant of options to an Eligible Person would result in excess of such limit shall be subject to the approval of the Shareholders at general meeting with such Eligible Person and his associates abstaining from voting.

In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

***(h) Grants of Options to certain connected persons***

- (i) Any grant of options to a connected person (as defined under the GEM Listing Rules) or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is also the grantee).

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- (ii) Where options are proposed to be granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant representing in aggregate over 0.1 per cent of the issued share capital of our Company and 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 grant of options must be subject to the approval of the Shareholders at general meeting. The connected person involved in such proposed grant of options and all other connected persons must abstain from voting in such general meeting (except that any connected person may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

Any change in the terms of the options granted to a Substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates must also be approved by the Shareholders in general meeting.

**(i) *Restrictions on the time of grant of Options***

Our Board shall not offer the grant of an Option to any Eligible Participant:

- (a) after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the relevant requirements of the GEM Listing Rules; or
- (b) during the period commencing one month immediately preceding the earlier of:
  - (i) the date of the Board meeting (as such date is first 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, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
  - (ii) the deadline for our Company to publish an announcement of its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement. "Inside Information" has the meaning defined in the SFO.

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### *(j) 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 to be notified by the Board to the grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of acceptance of the offer (subject to the provisions for early termination in accordance with the Share Option Scheme) (the "Option Period").

### *(k) Rights are personal to Grantee*

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

### *(l) Rights on ceasing employment*

In the case of the grantee being an employee or a director of our Group leaves the services of our Group by reason other than death or on one or more of the grounds specified in paragraph (p)(v), or because his employing company ceases to be a member of our Group, the grantee may exercise the option up to his entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within a period being the earlier of (i) three months (or such other period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with our Group whether salary is paid in lieu of notice or not or the last date of appointment as director of our Group, as the case may be, or (ii) the expiration of the relevant Option Period. Any options not so exercised shall lapse and terminate at the end of the said period provided that in any such case, our Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as our Directors may decide.

### *(m) Rights on Death*

In the case of the grantee ceases to be an Eligible Person by reason of death, he or (as the case may be) his personal representatives may exercise all or part of his options (to the extent he is entitled to exercise at the date of cessation but not already exercised) within a period being the earlier of (i) six months after he so ceases to be an Eligible Person or (ii) the expiration of the relevant Option Period. Any options not so exercised shall lapse and terminate at the end of the said period provided that in any such case, our Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as our Directors may decide.

### *(n) Rights on a General Offer*

- (i) If, in consequences of any general offer made to the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of our Company) or otherwise, any person shall have obtained control (as defined in the Takeovers Code) of our Company, then our Directors shall as soon as practicable thereafter notify every grantee accordingly and each grantee shall be entitled

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to exercise all or any of his options (to the extent he is entitled but not exercised) at any time before the earlier of (1) the expiry of the Option Period, or (2) the fourteenth day following the date on which the general offer becomes or is declared unconditional to exercise any option in whole or in part, and to the extent that it has not been so exercised, any options shall upon the expiry of such period cease and terminate provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of Shares and gives notice in writing to any holders of Shares that he intends to exercise such rights, options shall be and remain exercisable until the earlier of (1) the expiry of the Option Period or (2) the fourteenth day from the date of such notice and, to the extent that any options which have not been exercised upon the expiry of such period, shall thereupon cease and terminate.

- (ii) If a general offer by way of a scheme of arrangement is made to all the Shareholders and the Share Option Scheme has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify all the grantees and any grantee (or his personal representatives) may thereafter (but before such time as shall be notified by our Company) by notice in writing to our Company exercise the option (to the extent he is entitled but not exercised) to its full extent or to the extent specified in such notice. Any options which have not been exercised upon the expiry of such period as specified in the notice shall thereupon cease and terminate.

***(o) Rights on Winding-up***

In the event that a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not later than two Business Days<sup>6</sup> 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 and issue such number of Shares to the grantee credited as fully paid which falls to be issued on such exercise and register the grantee as holder thereof in the branch register of members of our Company maintained in Hong Kong.

***(p) Right on a compromise or scheme of arrangement***

If a compromise or arrangement between our Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it dispatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may by notice in writing to our Company

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accompanied by the remittance for the aggregate subscription price in respect of the number of option exercised under such notice (such notice to be received by our Company not later than two Business Days prior to the proposed meeting) either to its full extent or to the extent specified in such notice, and 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 meeting referred to above, allot and issue such number of Shares credited as fully paid, to the grantee which falls to be issued on such exercise and register the grantee as holder thereof in the branch register of members of our Company maintained in Hong Kong.

***(q) Lapse of Option***

The right to exercise an option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

- (i) subject to paragraphs (k)-(o), the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k)-(m);
- (iii) subject to paragraph (n), the date of the commencement of the winding up of our Company;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (o);
- (v) in the event that the grantee is an employee or a director of our Group, the date on which the grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or directorship or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or a company would be entitled to terminate his employment or directorship at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or the relevant subsidiary of our Company. A resolution of the Board or the board of directors of the relevant subsidiary of our Company to the effect that the employment or other relevant contract of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (p)(v) shall be conclusive and binding on the grantee;
- (vi) the date on which the grantee ceases to be an Eligible Person by reason of termination of his relationship (whether by appointment or otherwise) with our Group or on any one or more of the following grounds (other than by reason of death or on one or more of the grounds specified in sub-paragraph (p)(v)) that he has become unable to pay his debts (within the meaning of the Bankruptcy Ordinance) or has become otherwise insolvent or has made any arrangement or composition with his creditors generally, or 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 the Board)

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has committed any act which is prejudicial to or not in the interests of our Company or any company in our Group. A resolution of the Board or the board of directors of the relevant subsidiary of our Company to the effect that the relationship with a grantee (other than an employee or a director of our Group) has or has not been terminated and as to the date of such termination shall be conclusive and binding on the grantee;

(vii) the date on which the grantee commits a breach of paragraph (j); or

(viii) the date on which the option is cancelled by the Board as provided in paragraph (t).

Our Company shall owe no liability to any grantee for the lapse of any option under this paragraph (p).

**(r) *Ranking of Shares***

The Shares to be allotted and issued upon the exercise of an option shall be subject to the Memorandum, the Articles and the laws of the Cayman Islands for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment, provided always that when the date of exercise of the option falls on a date upon which the register of members of our Company is closed then the exercise of the options shall become effective on the first Business Day on which the register of members of our Company is re-opened.

**(s) *Reorganisation of Capital Structure***

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable, arising from capitalisation of profits or reserves, rights issue, consolidation, re-classification or subdivision of Share or reduction of the share capital of our Company in accordance with the legal requirements or requirements of the Stock Exchange, other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party, adjustment (if any) shall be made to:

(i) the number or nominal amount of Shares subject to the option so far as unexercised; and/or

(ii) the subscription price for the Shares subject to the option so far as unexercised; and/or

(iii) the Shares to which the option relates; and/or

(iv) any combination thereof as the auditors or the independent financial adviser to our Company (acting as expert not arbitrator) shall at the request of our Company certify in writing to the Board either generally or as regards any particular grantee that the adjustments are in compliance with Rule 23.03(13) of the GEM Listing Rules and the notes thereto.

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Any such adjustments must give a grantee the same proportion of the equity capital of our Company as to which that grantee was previously entitled, and any adjustments so made shall be in compliance with the GEM Listing Rules and such applicable guidance and/or interpretation of the GEM Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on GEM Listing Rule 23.03(13) and the Notice immediately after the Rule" attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to the Share Option Scheme) but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the independent financial adviser to our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or the independent financial adviser to our Company shall be paid by our Company. Notice of such adjustment shall be given to the grantees by our Company.

*(t) Alteration to the Share Option Scheme and the terms of Options granted under the Share Option Scheme*

The Board may from time to time in its absolute discretion waive or amend any terms of the Share Option Scheme at such time and in such manner as it deems desirable to the extent permissible under the provisions of the GEM Listing Rules in relation to the Share Option Scheme and all applicable laws in respect thereof.

For the avoidance of doubt, except with the prior approval of the Shareholders in general meeting (with the Eligible Persons and their associates abstaining from voting), the Board may not amend:

- (i) any of the provisions of the Share Option Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Persons or grantees;
- (ii) any terms and conditions of the Share Option Scheme which are of a material nature or any terms of options granted except where such alteration take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any provisions on the authority of the Board in relation to any alteration to the terms of the Share Option Scheme.

No such amendments shall be altered to the advantage of grantees except with the prior approval of the Shareholders in general meeting (with Eligible Persons and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the grantees as would be required of the Shareholders under the Articles for the time being of our Company for a variation of the rights attached to the Shares, provided that this restriction should not apply to any amendment made by the Board at the request of the Stock Exchange or other regulatory body for the purpose of ensuring that the Share Option Scheme complies with, among other applicable laws, the requirements of such exchange or other regulatory body on which the Shares are in the course of being listed or from time to time listed or which may have or exercise regulatory powers or jurisdiction in relation to our Company. Any amended terms of the Share Option Scheme or

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options shall still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time) and shall automatically take effect on all outstanding options.

### *(u) Cancellation of Options granted*

The Board may cancel an option granted but not exercised with the approval of the grantee of such option. No compensation shall be payable to the grantee for cancellation of the options granted but not exercised.

### *(v) Termination*

Our Company, by ordinary resolution in general meeting, or the Board may, at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

As at the date of this document, no Option has been granted or agreed to be granted by our Company under the Share Option Scheme.

### *(w) Performance targets*

Save as determined by the Board and provided in the offer of grant of the options, there is no performance target that must be achieved before the options can be exercised.

## OTHER INFORMATION

### 14. Tax and other indemnities

Mr. Lau and Jumbo Ace (collectively the “Indemnifiers”) have pursuant to a deed of indemnity referred to in the section headed “Further information about the business of our Group — Summary of material contracts” in this appendix (the “Deed of Indemnity”), on a joint and several basis, given indemnities in favour of our Group in respect of any amount which any member of our Group becomes liable to pay after the date of the Deed of Indemnity being:

- (a) any duty which is or hereafter becomes payable by any member of our Group by virtue of section 35 of the Estate Duty Ordinance under the provisions of section 43 of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of our Group members;
- (b) any amount recovered against any member of our Group under provisions of section 43(7) of the Estate Duty Ordinance in respect of any duty payable under section 43(1)(c) or 43(6) of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of our Group members;
- (c) any amount of duty which any member of our Group is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance;



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- (d) any taxation which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the Listing Date; and
- (e) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties ("Costs") in connection with any failure, delay or defects of corporate or regulatory non-compliance under, or any breach of any provision of, the Predecessor Companies Ordinance, the Companies (Winding Up and Miscellaneous) Ordinance and the Companies Ordinance or any other applicable laws, rules or regulations or tenancy agreements on or before the date on which the [REDACTED] becomes unconditional.

The Deed of Indemnity does not however cover any claim and the Indemnifiers shall be under no liability in respect of any taxation or liability:

- (a) to the extent that provision has been made for such taxation in the audited consolidated accounts of our Group for two years ended 31 December 2014 and the three months ended 31 March 2015 (the "Accounts Date") and any previous audited accounts of any member of our Group ("Accounts");
- (b) to the extent that provision will be made in the audited consolidated accounts of our Group or the audited accounts of any member of our Group covering the period from 31 March 2015 to the date of the Deed of Indemnity;
- (c) such taxation or liability would not have arisen but for any act or omission by any member of our Group voluntarily effected without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed) and otherwise than in the ordinary course of business after the Accounts Date;
- (d) the taxation arises or is incurred as a result of any retrospective change in law or the interpretation or practice thereof and/or a retrospective increase of tax rates coming into force after the date of the Deed of Indemnity;
- (e) such taxation or liability for which any member of our Group is primarily liable as a result of transactions entered into in the ordinary course of business after the Accounts Date;
- (f) provision or reserve made for such taxation in the Accounts is established to be an over-provision or an excessive reserve; and
- (g) to the extent that such taxation or liability arises as a result of any member of our Group being in breach of any provision of the Deed of Indemnity.

**15. Litigation**

Save as disclosed herein, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

## APPENDIX IV

## STATUTORY AND GENERAL INFORMATION

### 16. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, including the [REDACTED] and any Shares which may fall to be allotted and issued pursuant to (a) the [REDACTED]; and (b) the exercise of options which may be granted under the Share Option Scheme, representing 10% of the Shares in issue on the Listing Date. The Sole Sponsor is entitled to sponsors' fee in the amount of [REDACTED].

The Sole Sponsor has confirmed that it satisfies the independence criteria applicable to sponsor set forth in Rule 6A.07 of the GEM Listing Rules.

### 17. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed CLC International as its compliance adviser to provide consultancy services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the GEM Listing Rules in respect of its financial results for the second full financial year ending 31 December 2017.

### 18. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately USD4,100<sup>7</sup> (equivalent to approximately HK\$32,000) and are payable by our Company.

### 19. Promoters

Our Company has no promoter.

### 20. Qualifications and consents of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this document are as follows:

Name	Qualification
CLC International Limited	A licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activity
HLB Hodgson Impey Cheng Limited	Certified public accountants
Appleby	Legal Advisers to our Company as to Cayman Islands laws
Robertsons	Legal Advisers to our Company as to Hong Kong Laws
Ipsos Hong Kong Limited	Market research company

<sup>7</sup> Fee and expense for incorporation of a Cayman company is approximately US\$2,100.

## APPENDIX IV

## STATUTORY AND GENERAL INFORMATION

Each of CLC International Limited, HLB Hodgson Impey Cheng Limited, Appleby, Robertsons and Ipsos Hong Kong Limited has given and has not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

None of CLC International Limited, HLB Hodgson Impey Cheng Limited, Appleby, Robertsons and Ipsos Hong Kong Limited has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

### **21. Binding Effect**

This document 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 penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous) Ordinance so far as applicable.

### **22. Bilingual Document**

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

### **23. Taxation of holders of Shares**

#### **(a) Hong Kong**

##### *(i) Profits*

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

##### *(ii) Stamp duty*

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged on each of the purchaser and seller at the current rate of 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

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**STATUTORY AND GENERAL INFORMATION**

*(iii) Estate duty*

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111, Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with the principal value exceeding HK\$7.5 million shall be a nominal amount of HK\$100. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of shares whose death occurs on or after 11 February 2006.

*(b) The Cayman Islands*

Under the Cayman Islands law currently in force, no stamp duty is payable in the Cayman Islands on transfers of our Shares except those which hold interests in land in the Cayman Islands.

*(c) Consultation with professional advisers*

Intended 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 or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

**24. Miscellaneous**

(a) Save as disclosed herein:

(i) within two years preceding the date of this document:

(aa) no share or loan capital of our Company or of any of its 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; and

(bb) no commissions, discounts, brokerages (other than under the Underwriting Agreement) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

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**STATUTORY AND GENERAL INFORMATION**

- (iii) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2015 (being the date to which the latest audited combined financial statements of our Group were made up);
  - (iv) there has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this document;
  - (v) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
  - (vi) none of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought;
  - (vii) none of our Directors nor any of the persons whose names are listed in paragraph headed "Qualification and consents of experts" in this Appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group;
  - (viii) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 24 months preceding the date of this document;
  - (ix) all necessary arrangements have been made to enable the Shares to be admitted into CCASS;
- (b) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a branch register of members of our Company will be maintained in Hong Kong by [REDACTED]. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

**APPENDIX V                      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were the written consents referred to in the paragraph headed "Consents of experts" in Appendix IV to this document and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix IV to this document.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Robertsons, at 57/F, The Center, 99 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and the Articles;
- (b) the accountants' report of our Group prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this document — "Accountants' Report";
- (c) the audited financial statements of the companies now comprising our Group for each of the two years ended 31 December 2013 and 2014 and the three months ended 31 March 2015 (or for the period since their respective dates of incorporation/establishment where it is shorter);
- (d) the report on unaudited pro forma financial information of our Group issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II — "Unaudited Pro Forma Financial Information";
- (e) the rules of our Share Option Scheme;
- (f) the letter prepared by Appleby summarising certain aspects of Cayman Islands company law referred to in Appendix III — "Summary of the Constitution of the Company and Cayman Islands Company Law";
- (g) the Cayman Companies Law;
- (h) the material contracts referred to in the section headed "Statutory and General Information — Summary of material contracts" in Appendix IV to this document;
- (i) the written consents referred to in the section headed "Statutory and General Information — Qualifications and consents of experts" in Appendix IV to this document;
- (j) the service contracts referred to in the section headed "Statutory and General Information — Particulars of service contracts" in Appendix IV to this document;
- (k) the legal opinion from Robertsons; and
- (l) the Ipsos Report.