
HISTORY, REORGANISATION AND GROUP STRUCTURE

OVERVIEW

We were incorporated in the Cayman Islands with limited liability on 21 July 2015 in anticipation of the [REDACTED]. We have seven subsidiaries in Hong Kong, namely, CISI Brokerage, CISI Futures, CISI Capital, CISI Asset Management, CISI Finance, CISI Investment and CISI Wealth Management. For details of our subsidiaries and corporate structure, please refer to the paragraph headed "Corporate history of our principal subsidiaries".

Our Group's history traces back to July 2011 when Industrial Securities founded Industrial Securities (Hong Kong). Industrial Securities funded the initial issue capital of HK\$100,000,000 of Industrial Securities (Hong Kong) pursuant to the approval granted by CSRC.

Our Group offers a wide range of financial services including (i) brokerage, (ii) loans and financing, (iii) investment banking, (iv) asset management, and (v) proprietary trading. For details of our services and operations, please refer to the section headed "Business" of this document.

The following sets forth the key milestones of our Group since our establishment in July 2011:

Year	Key milestones
2011	Industrial Securities (Hong Kong) was established with initial issued share capital of HK\$100,000,000
2012	CISI Brokerage was granted the licenses for Type 1 and Type 4 regulated activities by the SFC CISI Futures was granted the license for Type 2 regulated activity by the SFC CISI Asset Management was granted the licenses for Type 4 and Type 9 regulated activities by the SFC
2013	CISI Capital was granted the licenses for Type 1 and Type 6 regulated activities by the SFC and qualified to act as sponsor under the SFO CISI Asset Management was granted the license for Type 5 regulated activity by the SFC
2014	CISI Finance was granted the Money Lenders License by the Licensing Court The issued and paid-up share capital of Industrial Securities (Hong Kong) was increased to HK\$500,000,000

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Year	Key milestones
2015	The total amount of client assets held by us reached HK\$30,000,000,000
2016	The total issued and paid-up share capital of our Company reached HK\$288,584,157.9 for which the total subscription price paid amounted to HK\$2,911,241,815.75 upon the completion of the Reorganisation, the Employee Share Participation Scheme, the [REDACTED] and increase of shareholding in our Company by CISI Holdings

CORPORATE HISTORY OF OUR PRINCIPAL SUBSIDIARIES

As at the Latest Practicable Date, our Company has 100% direct interests in each of its subsidiaries, particulars of which are set out below:

Name of subsidiary	Date of establishment	Issued and paid-up capital	Attributable interest to our Company	Principal activities	Principal licenses
CISI Brokerage	20 July 2011	HK\$1,800,000,000	100%	Brokerage of securities	Type 1 and Type 4 regulated activities
CISI Futures	18 January 2012	HK\$50,000,000	100%	Brokerage of futures and options contracts	Type 2 regulated activity
CISI Capital	16 August 2012	HK\$20,000,000	100%	Investment banking	Type 1 and Type 6 regulated activities, licensed sponsor
CISI Asset Management	31 October 2011	HK\$20,000,000	100%	Asset management	Type 4, Type 5 and Type 9 regulated activities
CISI Finance	28 October 2013	HK\$210,000	100%	Money lending	Money Lenders License
CISI Investment	29 May 2014	HK\$20,000,000	100%	Investment	N/A
CISI Wealth Management	21 April 2015	HK\$1,000,000	100%	Wealth management	N/A ^{note}

Note: CISI Wealth Management has been registered as a principal intermediary with Mandatory Provident Fund Schemes Authority and is a member of Professional Insurance Brokers Association.

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The following sets forth the respective corporate history of our principal subsidiaries since their respective dates of incorporation.

CISI Brokerage

CISI Brokerage (formerly known as Industrial Securities (Hong Kong) Brokerage Limited) was established in Hong Kong on 20 July 2011 with an initial issued share capital of HK\$50,000,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Brokerage was paid up in cash. Industrial Securities (Hong Kong) increased the issued share capital of CISI Brokerage to HK\$70,000,000, HK\$150,000,000, HK\$300,000,000, HK\$1,300,000,000 and HK\$1,800,000,000 in the years of 2012, 2013, 2014, 2015 and 2016, respectively. CISI Brokerage commenced its business in 2012 upon obtaining the licenses for Type 1 and Type 4 regulated activities from the SFC.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Brokerage (together with the related business) to our Company and CISI Brokerage has been accounted as a subsidiary of the Company since then. As at the Latest Practicable Date, the transaction has been completed.

CISI Futures

CISI Futures (formerly known as Industrial Securities (Hong Kong) Futures Limited) was established in Hong Kong on 18 January 2012 with an initial issued share capital of HK\$20,000,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Futures was paid up in cash. Industrial Securities (Hong Kong) increased the issued share capital of CISI Futures to HK\$30,000,000 and HK\$50,000,000 in the years of 2014 and 2015, respectively. CISI Futures commenced its business in 2012 upon obtaining the license for Type 2 regulated activity from the SFC.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Futures (together with the related business) to our Company and CISI Futures has been accounted as a subsidiary of the Company since then. As at the Latest Practicable Date, the transaction has been completed.

CISI Capital

CISI Capital (formerly known as Industrial Securities (Hong Kong) Capital Limited) was established in Hong Kong on 16 August 2012 with an initial issued share capital of HK\$10,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Capital was paid up in cash. Industrial Securities (Hong Kong) increased the issued share capital of CISI Capital to HK\$10,000,000 and HK\$20,000,000 in the years of 2012 and 2013, respectively. CISI Capital commenced its business in 2013 upon obtaining the licenses for Type 1 and Type 6 regulated activities and sponsor license from the SFC.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Capital (together with the related business) to our Company and CISI Capital has been accounted as a subsidiary of the Company since then. As at the Latest Practicable Date, the transaction has been completed.

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CISI Asset Management

CISI Asset Management (formerly known as Industrial Securities (Hong Kong) Asset Management Limited) was established in Hong Kong on 31 October 2011 with an initial issued share capital of HK\$10,000,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Asset Management was paid up in cash. Industrial Securities (Hong Kong) increased the issued share capital of CISI Asset Management to HK\$20,000,000 in 2012. CISI Asset Management commenced its business in 2012 having obtained the licenses for Type 4 and Type 9 regulated activities from the SFC.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Asset Management (together with the related business) to our Company. CISI Asset Management has been accounted as a subsidiary of the Company. As at the Latest Practicable Date, the transaction has been completed.

CISI Finance

CISI Finance (formerly known as Industrial Securities (Hong Kong) Finance Limited) was established in Hong Kong on 28 October 2013 with an initial issued share capital of HK\$10,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Finance was paid up in cash. Industrial Securities (Hong Kong) increased the issued share capital of CISI Finance to HK\$210,000 in 2014.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Finance (together with the related business) to our Company. CISI Finance has been accounted as a subsidiary of the Company. As at the Latest Practicable Date, the transaction has been completed.

CISI Investment

CISI Investment (formerly known as Industrial Securities (Hong Kong) Investment Limited) was established in Hong Kong on 29 May 2014 with an initial issued share capital of HK\$1,000,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Investment was paid up in cash. Our Company increased the issue share capital of CISI Investment to HK\$20,000,000 in 2016.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Investment (together with the related business) to our Company. CISI Investment has been accounted as a subsidiary of the Company. As at the Latest Practicable Date, the transaction has been completed.

CISI Wealth Management

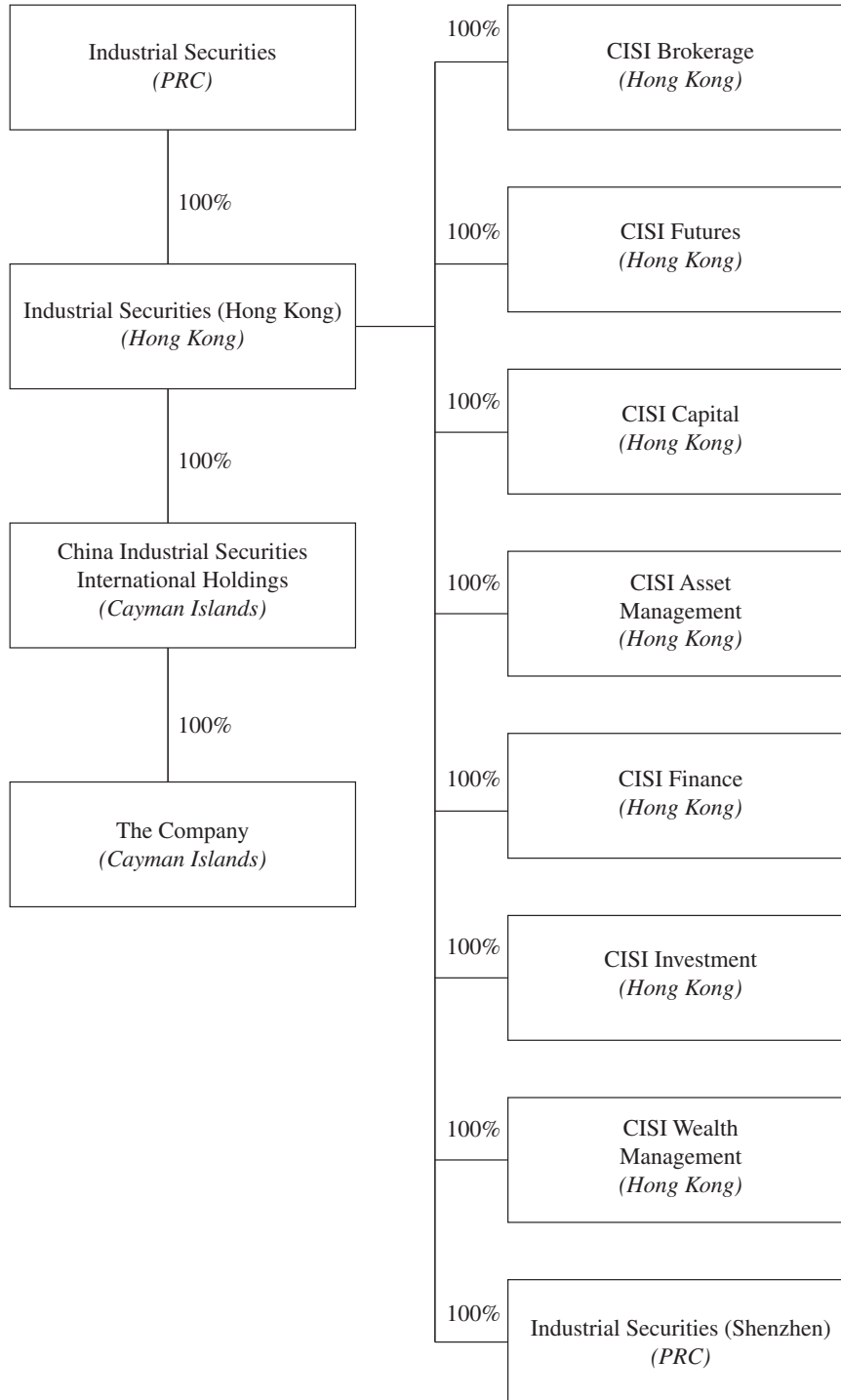
CISI Wealth Management (formerly known as Industrial Securities (Hong Kong) Wealth Management Limited) was established in Hong Kong on 21 April 2015 with an initial issued share capital of HK\$1,000,000, which was held as to 100% by Industrial Securities (Hong Kong). The initial issued share capital of CISI Wealth Management was paid up in cash.

On 18 December 2015, Industrial Securities (Hong Kong) agreed to transfer its entire shareholding in CISI Wealth Management (together with the related business) to our Company. CISI Wealth Management has been accounted as a subsidiary of the Company since then. As at the Latest Practicable Date, the transaction has been completed.

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CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP IMMEDIATELY BEFORE REORGANISATION

The following chart sets out our corporate and shareholding structure immediately before the Reorganisation:



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EXCLUDED OPERATIONS

Immediately before the Reorganisation, each of the subsidiaries of the Company and Industrial Securities (Shenzhen) were directly wholly-owned by Industrial Securities (Hong Kong), our Controlling Shareholder, which in turn is wholly owned by Industrial Securities. Industrial Securities is a company listed on the Shanghai Stock Exchange.

Industrial Securities (Shenzhen) is mainly engaged in consultancy services provision. The following table sets out the principal financial information of Industrial Securities (Shenzhen):

	Year ended 31 December		For the three months ended
	2014	2015	31 March
	(HK\$)	(HK\$)	2016
			(HK\$)
Revenue	–	–	–
Other income	1,255	5,105	220
Net loss	2,230,760	7,630,462	1,000,340
Operating cash outflow before changes in working capital and taxes	2,113,201	7,398,223	940,940
Taxation	–	–	–

According to the Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (《國務院關於進一步加強在境外發行股票和上市管理的通知》) issued by the State Council of the PRC, where a private Chinese-controlled overseas company seeks for a [REDACTED] of its assets overseas, the domestic assets it holds for a period less than three years must not be listed overseas without the approval from CSRC.

As at the Latest Practicable Date, since Industrial Securities (Shenzhen) has been established for less than three years and the application to the CSRC will take time, the Company decided not to include Industrial Securities (Shenzhen) into the [REDACTED] Group so as to reduce uncertainties in the [REDACTED] timetable of the Group. As at the Latest Practicable Date, the Company and Industrial Securities do not have the intention to include Industrial Securities (Shenzhen) into the Group. If the Group were to continue to require the services provided by Industrial Securities (Shenzhen) based on business need after three years of Industrial Securities (Shenzhen)'s establishment, the Company will consider to acquire Industrial Securities (Shenzhen) from Industrial Securities upon negotiated terms. The Company will comply with relevant requirements under the GEM Listing Rules for such acquisition.

Industrial Securities (Shenzhen) served as our consultancy service provider but its contribution to our Group's results was considered insignificant. During the Track Record Period, Industrial Securities (Shenzhen) provided us consultancy services. For the purpose of accountants' report, the costs incurred by Industrial Securities (Shenzhen) for such consultancy

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services were recognised as expenses of the Group. The Company has entered into a service agreement on 27 September 2016 with the Industrial Securities (Shenzhen) for their provision of consultancy services to our Group. There has been no change in the role of the scope of services provided by Industrial Securities (Shenzhen) since the Reorganisation of our Group in late 2015. Therefore, the exclusion of the Industrial Securities (Shenzhen) from our Group would not materially affect our operation. For details of the service agreement between our Group and the Industrial Securities (Shenzhen), please refer to the section headed "Connected Transactions" of this document.

REORGANISATION

Pursuant to a subscription agreement entered into among Industrial Securities (Hong Kong), China Industrial Securities International Holdings and the Company for the purpose of the Reorganisation in preparation for the [REDACTED], the Reorganisation took effect on 18 December 2015, as a result of which CISI Brokerage, CISI Futures, CISI Capital, CISI Asset Management, CISI Finance, CISI Investment and CISI Wealth Management were accounted as our subsidiaries since such date. Various post completion steps of the Reorganisation have been taken to consummate the business transfers and to comply with the regulatory requirements under the applicable laws.

Set out below are the key steps of the Reorganisation:

On 18 December 2015, Industrial Securities (Hong Kong), China Industrial Securities International Holdings and the Company entered into a subscription agreement, pursuant to which the Company issued 489,990,000 Shares to China Industrial Securities International Holdings, in consideration of the transfer of CISI Brokerage, CISI Futures, CISI Capital, CISI Asset Management, CISI Finance, CISI Investment and CISI Wealth Management and their related businesses, and all assets, liabilities and contracts of Industrial Securities (Hong Kong) to the Company.

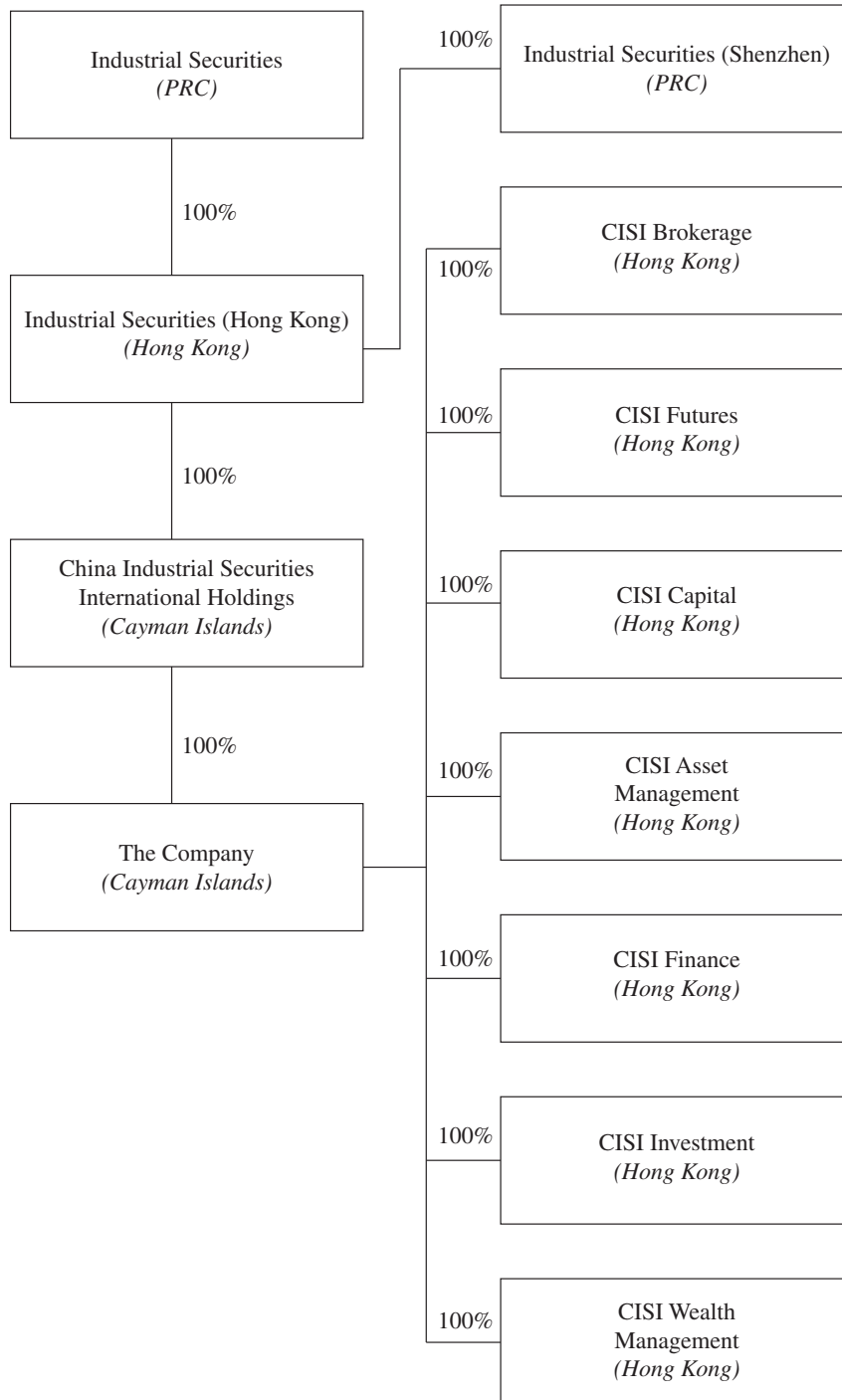
With respect to the external approvals obtained by Industrial Securities Group, the SFC granted the approval for China Industrial Securities International Holdings and the Company becoming the substantial shareholders of CISI Brokerage, CISI Futures, CISI Capital and CISI Asset Management on 25 November 2015. The Group notified the SFC of the change in substantial shareholder of CISI Brokerage, CISI Futures, CISI Capital and CISI Asset Management after the relevant equity transfers were completed on 29 January 2016. The CSRC issued a no objection letter in relation to our proposed [REDACTED] on 28 April 2016.

With respect to the internal approvals obtained by Industrial Securities, the board of directors of Industrial Securities approved the proposed [REDACTED] of our Group on 2 November 2015. The shareholders of Industrial Securities approved the proposed [REDACTED] of our Group on 30 December 2015.

Based on the above, the Company is of the view that all necessary approvals in relation to the Reorganisation and the proposed [REDACTED], where applicable, have been obtained.

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The following chart sets out the shareholding structure of our Group immediately following the completion of Reorganisation but before the [REDACTED], the ES Shares issued pursuant to the Employee Share Participation Scheme and the increase of shareholding in our Company by CISI Holdings:



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INTRODUCTION OF [REDACTED]

The Company and China Industrial Securities International Holdings, a Controlling Shareholder, entered into a share subscription agreement with each [REDACTED] set forth below in relation to subscription of the Shares of the Company (each a “[REDACTED]”, together the “[REDACTED]”) (the “[REDACTED]”).

The following table sets forth the details of the [REDACTED]:

Name of [REDACTED]	Date of investment agreement	Amount of consideration	Date of receipt of consideration	Cost per Share paid	Discount to the maximum [REDACTED]	Shareholding percentage in our Company immediately following completion of the [REDACTED] ^{Note}
Hao Kang Financial	21 April 2016	HK\$199,999,999.01	22 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
Dragon Power	21 April 2016	HK\$159,999,999.41	21 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
Money Space	21 April 2016	HK\$99,999,999.00	22 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
Fusion International	21 April 2016	HK\$79,999,999.20	22 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
Sushine	21 April 2016	HK\$49,999,999.50	20 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
On Ride	21 April 2016	HK\$29,999,999.70	19 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
Supreme Faith	19 April 2016	HK\$12,999,999.87	19 April 2016	[REDACTED]	[REDACTED]	[REDACTED]
Teda Holdings	21 April 2016	HK\$6,999,999.93	18 April 2016	[REDACTED]	[REDACTED]	[REDACTED]

Note: The percentages are rounded to the nearest two decimal places.

With respect to each of the [REDACTED], the relevant consideration amounts payable by each of the [REDACTED] was determined based on arm’s length negotiations with reference to the Group’s net asset value, financial condition and the results of its operations. Each of the subscriptions pursuant to the [REDACTED] were properly, legally and irrevocably settled on or by 22 April 2016. The [REDACTED] were completed on 26 April 2016.

The [REDACTED] by the [REDACTED] expanded the asset base of the Company and extended the business network and potential business opportunities of the Group to support the future development of its businesses through strategic involvement of the [REDACTED]. It was considered that the [REDACTED] would allow the Group to form strategic affiliations with institutional investors and other investors engaged in a diverse range of business activities on one hand, while improving the Company’s gearing ratio through equity financing as opposed to further debt financing, thereby diversifying its funding sources. Subject to prevailing market conditions, we intend to use the [REDACTED] of the [REDACTED] for expansion of brokerage, margin financing, proprietary trading business and our main business lines and working capital. As at the Latest Practicable Date, HK\$[REDACTED] and HK\$[REDACTED] of the proceeds from the [REDACTED] have been used for proprietary trading and brokerage business, respectively.

The Shares to be held by the [REDACTED] upon [REDACTED] will be considered as part of the public float for the purpose of Rule 11.23(7) of the [REDACTED].

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Background to each of the [REDACTED]

Hao Kang Financial

Hao Kang Financial is a company principally engaged in financial investment which is incorporated in Hong Kong, and is indirectly owned as to 70% by Mr. Chen Jiaquan, the director of Shanghai Haosheng Investment Group Company Limited (上海豪盛投資集團有限公司), a PRC company whose business scope covers, among others, industrial investment and asset restructuring, and as to 30% by Ms. Yang Zhiying, his wife.

Dragon Power

Dragon Power is an investment holding company incorporated in BVI, which is owned (i) as to 50% by Mr. Li San Yim, the chairman of the board of directors of Lonking Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 3339) which is principally engaged in distribution and finance leasing of distribution machinery and in which Mr. Li owns approximately 55.73% of issued share capital as at the Latest Practicable Date, and (ii) as to 50% by Ms. Ngai Ngan Ying.

Money Space

Money Space is an investment holding company incorporated in the British Virgin Islands, which is owned as to 65% by Mr. Jiang Jinzhi, the executive director of Greenwoods Asset Management Company Limited (上海景林資產管理有限公司) and a shareholder of Shanghai Greenwoods Investment and Development Company Limited (上海景林投資發展有限公司), and as to 35% by Ms. Tang Hua, his wife.

Fusion International

Fusion International is a company principally engaged in international trade incorporated in Singapore, which is indirectly wholly-owned by Mr. Qiu Yufeng, the chairman of the board of directors and a shareholder of China Zhong Chong Group Company Limited (中崇集團有限公司), is engaged in international trade, construction investment, and provision of financial services.

Sushine

Sushine is an investment holding company incorporated in the British Virgin Islands, which is owned as to (i) 40% by Mr. Choi Lim Chi, (ii) as to 20% by Mr. Zhong Shan, the director of Sushang Fund (北京蘇商基金管理有限責任公司), an industrial fund based in the PRC, (iii) as to 20% by Mr. Cui Weizhen, (iv) as to 14% by Ms. Zhao He, an executive director and a shareholder of Han Yuan Investment Company Limited (上海瀚遠投資有限公司), a company principally engaged in, among others, industrial investment and investment management and consultation, (v) as to 4% by Mr. Li Binfeng, a shareholder of Sunflower Asset Management Company Limited (江蘇金葵花資產管理有限公司), a company principally engaged in the provision of financial services based in the PRC, and (vi) as to 2% by Ms. Hui Min, the chief financial officer of GN Capital Investment Inc. (江蘇國能投資有限公司), a company based in the PRC whose business scope includes industrial investment, venture capital and asset management.

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On Ride

On Ride is a company principally engaged in investments in securities, equity investment funds which is incorporated in the British Virgin Islands, which is wholly-owned by Mr. Li To, who is the director of, among others, Fujian Dongfang Industrial Development Company Limited (福建省東方實業發展有限公司), Shanghai Baode Investment Management Company Limited (上海保得投資管理有限公司), each being trading companies and On Ride Investments Limited (安盛投資有限公司).

Supreme Faith

Supreme Faith is an investment holding company incorporated in Hong Kong, which is wholly-owned by China Eco-Farming Limited, a company incorporated in the Cayman Islands and continued into Bermuda with limited liability which is listed on the GEM board (stock code: 8166) and is principally engaged in one-shop value chain services, property investment, trading in consumable, agricultural products and grocery food products.

Teda Holdings

Teda Holdings is an investment holding company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Li Lei, being its director, and who is the shareholder and executive director of Beijing Langtian Weide Investment Management Company Limited (北京朗天慧德投資管理有限公司), which is principally engaged in investment management and consultation.

Relationship between the ultimate beneficial owners of the [REDACTED] and the Company and its connected persons

To the best of the knowledge, information and belief of our Directors, the ultimate beneficial owners of each of the [REDACTED] are independent of, and not connected with, our Company or any of our subsidiaries and connected persons.

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Principal Terms of the [REDACTED]

According to the [REDACTED], the [REDACTED] have, among others, the following rights and obligations under the [REDACTED]:

Transfer Restrictions From the date of completion of the [REDACTED] Agreements to the date falling on the first anniversary of the [REDACTED], the [REDACTED] may not directly or indirectly dispose its Shares in our Company.

Right of first refusal of CISI Holdings At any time after the first anniversary of the [REDACTED], if any of the [REDACTED] propose to directly or indirectly transfer any of the Shares held by them pursuant to the [REDACTED]:

- (a) Such [REDACTED] must deliver a written notice ("Offer Notice") to China Industrial Securities International Holdings, containing the following details:
 - (i) number of Shares held by them pursuant to the [REDACTED] by them, which are proposed to be transferred,
 - (ii) the price of each such Share,
 - (iii) any material term and conditions upon which such proposed transfer is to be made,
 - (iv) a copy of the written proposal, term sheet, letter of intent or other agreement related to such proposed transfer, if any.
- (b) China Industrial Securities International Holdings shall then have the right of first refusal ("**Right of First Refusal**"), but not the obligation, to purchase all or part of such Shares offered at the price, and on the terms and conditions, set out in the Offer Notice.
- (c) Within five Business Days following receipt of the Offer Notice, China Industrial Securities International Holdings may exercise the Right of First Refusal by delivery of written notice to the relevant [REDACTED], which shall specify the number of relevant Shares it proposes to purchase ("**Exercise Notice**").

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- (d) If Right of First Refusal is not exercised within the prescribed time as mentioned in sub-paragraph (c) above:
 - (i) it shall be deemed to have been waived in respect of the subject transfer. The Offer Notice is irrevocable once delivered, unless the Right of First Refusal is waived or deemed waived, and
 - (ii) the relevant [REDACTED] may, within two weeks of the waiver or deemed waiver of the Right of First Refusal, transfer all or part of the Shares that had been offered in the Offer Notice to any third party on terms and conditions that are substantially the same (or more favourable to such [REDACTED]), failing which the Shares may not be transferred to any third party unless re-offered to China Industrial Securities International Holdings in accordance with sub-paragraphs (a)–(c) above.
- (e) If the Right of First Refusal is exercised, the closing of any transfer of Shares to China Industrial Securities International Holdings pursuant to such exercise of the Right of First Refusal shall take place within five Business Days of the receipt of the Exercise Notice by the relevant [REDACTED].

In respect of the [REDACTED] entered into among Money Space, the Company and China Industrial Securities International Holdings on 21 April 2016, notwithstanding the above paragraph, the Right of First Refusal of China Industrial Securities International Holdings shall not apply to any transfer of Shares from Money Space to its associates or any transfer Shares that are settled through [REDACTED]. If Money Space proposes to transfer any number of Shares which constitute 25% or more of the Shares subscribed by it under its [REDACTED] in a single transaction through [REDACTED], Money Space shall first deliver a written notice specifying the number of Shares to be transferred and the proposed range of price per Share to China Industrial Securities International Holdings at least five (5) business days prior to the proposed transfer.

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Under the [REDACTED], the [REDACTED] do not have special rights given by the Company.

The Company is of the view, and the Joint Sponsors concur, that the [REDACTED] are in compliance with the Interim Guidance (i.e. Guidance Letter HKEx-GL29-12), Guidance Letter HKEx-GL43-12 and HKEx-GL44-12.

EMPLOYEE SHARE PARTICIPATION SCHEME

Industrial Securities (Hong Kong) has adopted an Employee Share Participation Scheme for the purpose of establishing a mechanism to align the interests of its employees and our management team with those of our shareholders to promote our Group's strategies and growth. The eligible participants participated into the scheme on a voluntary basis upon prudent consideration of the terms of the scheme. In connection with the Employee Share Participation Scheme, on 26 April 2016, the sole director of the Company resolved to allot and issue a total of 277,029,703 ES Shares in the Company for a total consideration of HK\$279,800,000 (being the total award price (the "Award Price") for potential award of the ES Shares (or the proceeds from sale of the ES Shares) to the eligible participants), which has been irrevocably settled on 26 April 2016, representing approximately [REDACTED] of the issued ordinary share capital of the Company as enlarged by the issue of ES Shares, the issue of 633,663,362 Shares pursuant to the [REDACTED] and the issue of 1,485,148,514 Shares to CISI Holdings on 26 April 2016, to ICV. ICV is a wholly owned subsidiary of the Intelligence Creation Trust (as defined below). The ES Shares are subject to a lock-up period of twelve months and may be distributed from the ICV to the Intelligence Creation Trust and thereafter to the eligible participants of the Employee Share Participation Scheme (each an "Eligible Participant" and collectively the "Eligible Participants") by reference to each Eligible Participant's proportional initial contribution of the Award Price or be sold as recommended by the scheme committee (taking into account of requests from the Eligible Participants) ("Scheme Committee"), subject to the discretion of the ES trustee (as defined below).

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There are 101 Eligible Participants under the Employee Share Participation Scheme, including directors, senior management and other senior employees of the Group and Industrial Securities Group. None of the Eligible Participants is interested in [REDACTED] or more of the total issued share capital of the Company as enlarged by the issue of ES Shares and the [REDACTED] and the issue of Shares to CISI Holdings on 26 April 2016. The following Directors and senior management of the Company are interested in the number of ES Shares set opposite to his/her name:

Name	Title	Number of ES Shares interested in	% of ES Shares	approximate % of total issued Shares as at the date of this document
Lan Rong	Non-executive Director	9,000,000	[REDACTED]	[REDACTED]
Zhuang Yuanfang	Non-executive Director	7,900,000	[REDACTED]	[REDACTED]
Huang Jinguang	Executive Director	9,000,000	[REDACTED]	[REDACTED]
Wang Xiang	Executive Director	7,900,000	[REDACTED]	[REDACTED]
Zeng Yanxia	Executive Director	7,000,000	[REDACTED]	[REDACTED]
Wang Han	Senior management	7,000,000	[REDACTED]	[REDACTED]
Kwok Kei Chi	Senior management	5,000,000	[REDACTED]	[REDACTED]
Wong Yung Pang	Senior management	4,000,000	[REDACTED]	[REDACTED]
Li Zhisen	Senior management	5,600,000	[REDACTED]	[REDACTED]
Liu Chung Kuang	Senior management	5,000,000	[REDACTED]	[REDACTED]
Leung Kin Cheong, Laurent	Senior management	2,000,000	[REDACTED]	[REDACTED]
Cho Ka Wai	Senior management	400,000	[REDACTED]	[REDACTED]
Miao Chih Chen	Senior management	3,000,000	[REDACTED]	[REDACTED]

The Employee Share Participation Scheme is not subject to the provisions of Chapter 23 of the GEM Listing Rules as the scheme does not involve the grant by our Company or any of our subsidiaries of options over new shares or other new securities of our Company or any of our subsidiaries to, or for the benefit of, specified participants of such scheme as envisaged under Chapter 23 of the GEM Listing Rules. The transactions effected under the Employee Share Participation Scheme are accounted for as employee share based compensation under the HKFRS 2 “Share-based Payment”. The Company engaged an independent valuer to conduct valuation of such transactions. Based on the valuation report prepared by such independent valuer, as at 26 April 2016 (being the date of the grant of ES Shares), the estimated fair value per ES Share is HK\$1.00. In light of such estimated fair value and on the basis that the subscription price per ES Share is HK\$1.01, it is considered that the transactions effected under the Employee Share Participation Scheme will not have any material financial impact on the Group following the [REDACTED].

HISTORY, REORGANISATION AND GROUP STRUCTURE

The Intelligence Creation Trust was irrevocably settled by a Deed of Trust dated 27 January 2016 by Intelligence Creation International Limited as the settlor and Equity Trustee Limited as the trustee (“**ES Trustee**”). The ES Trustee holds all the shares in ICV legally and beneficially. Upon any distribution of the ES Shares or proceeds from the sale of the ES Shares from ICV to the ES Trustee, the ES Trustee shall distribute such number of the ES Shares or the sale proceeds thereof to the Eligible Participants under the Intelligence Creation Trust in proportion to their respective initial contribution and in accordance with the Employee Share Participation Scheme.

The Scheme Committee is responsible for the operation, management and administration of the Employee Share Participation Scheme and is appointed by Industrial Securities (Hong Kong). The Scheme Committee comprises Mr. Huang Jinguang, Mr. Wang Xiang and Ms. Zeng Yanxia. The Scheme Committee will consider and thereafter recommend to the ES Trustee (subject to the its discretion) the ES Shares to which Eligible Participants will be allocated (and how many ES Shares will be allocated) from the Intelligence Creation Trust from time to time, provided that such ES Shares or proceeds from the sale of the ES Shares are distributed to the Intelligence Creation Trust from ICV after the lapse of the applicable lock-up period in accordance with the Employee Share Participation Scheme. The ES Trustee has absolute discretion to allocate the ES Shares or the proceeds from sale of the ES Shares to the Eligible Participants.

Our Company did not set any performance target for the allocation of any ES Shares or the proceeds from the sale of the ES Shares by the Intelligence Creation Trust to the Eligible Participants. Each Eligible Participant contributed 20% of the subscription price (the “**Subscription Price**”) for such number of ES Shares is expected to be allocated to such Eligible Participant in order to participate in the Employee Share Participation Scheme. ICV financed 80% of the Subscription Price of such number of the ES Shares to which each Eligible Participant is expected to be allocated by bank loans secured by the share charge over the ES Shares. Each Eligible Participant has provided a personal guarantee in favour of ICV in relation to 80% of the Subscription Price for such number of ES Shares such Eligible Participant is expected to be allocated. The Subscription Price equals to the Award Price multiplied by a fraction, the denominator of which shall be the total number of ES Shares and the nominator of which shall be such number of ES Shares expected to be allocated to the relevant Eligible Participant.

Allocation of the ES Shares

The allocation of ES Shares or the proceeds from sale of the ES Shares will be subject to absolute discretion of the ES Trustee, taking into consideration of the recommendation of the Scheme Committee made taking into account of, including but not limited to the requests of the Eligible Participants and the market condition. There is no distribution or allocation period in which the ES Trustee must distribute or allocate any or all of the ES Shares to any of the Eligible Participants under and subject to the Share Participation Scheme. The ES Trustee has absolute power to allocate any interest to any Eligible Participants at any time (after the lock-up period) within the legally prescribed period under the applicable laws. The Scheme

HISTORY, REORGANISATION AND GROUP STRUCTURE

Committee would arrange for no less than 2 times per year for the Eligible Participants to request for allocation after the lapse of lock-up period and the repayment of the loan which is secured by the charge of the ES Shares. The allocation conditions of the ES Shares are summarised as follows:

- The Eligible Participants are not entitled to exercise or enjoy the rights to, or to transfer, the ES Shares pending the allocation of the ES Shares.
- The allocation date for all the relevant Eligible Participants will be determined by the ES Trustee at its absolute discretion, subject to the requests and/or recommendations put forward by the Scheme Committee.
- Prior to allocation of the ES Shares to any of the Eligible Participants, the Eligible Participants are not entitled to any voting rights to the ES Shares.

Triggering events for surrender of ES Shares

At the discretion of the ES Trustee but subject to the requests and/or recommendations put forward by the Scheme Committee, the right of an Eligible Participant to any ES Shares shall be deemed to have been surrendered, if the relevant Eligible Participant (a) breaches the applicable laws and incurs criminal liability; (b) is prohibited from entering the market or has his/her license suspended as a result of punitive measures by the relevant regulatory authorities; (c) acts grossly negligently or engages in malpractice and causes significant damage to the Company; or (d) breaches our Company's management policies and his/her employment is terminated as a result.

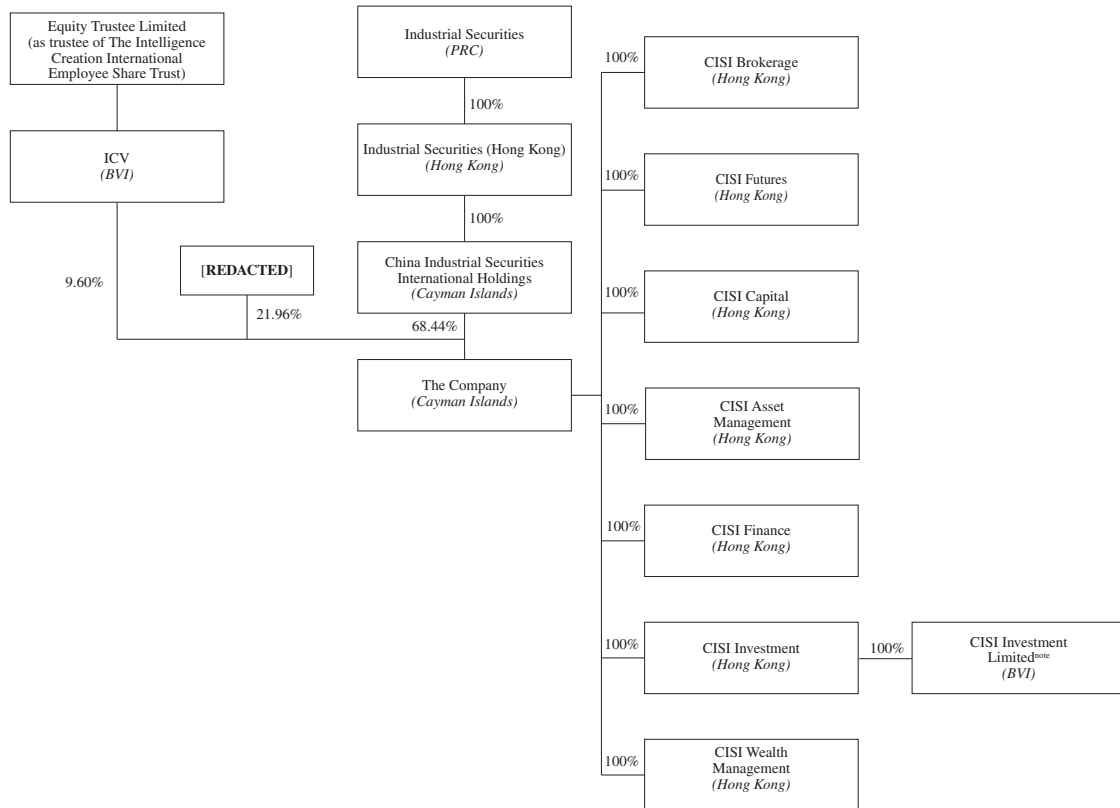
INCREASE OF SHAREHOLDING BY CISI HOLDINGS

CISI Holdings increased its shareholding in our Company by subscription of 1,485,148,514 new shares of our Company with total subscription price of HK\$1,499,999,999.14. The subscription was fully settled and the subscription was completed on 26 April 2016.

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP IMMEDIATELY BEFORE THE [REDACTED] AND THE [REDACTED]

The following chart sets out the Shareholding Structure of our Group after completion of the Reorganisation, the issue of Shares pursuant to the [REDACTED], the ES Shares issued pursuant to the Employee Share Participation Scheme and the increase of shareholding in our Company by CISI Holdings, but immediately before [REDACTED] and the [REDACTED]:



Note: CISI Investment Limited was incorporated on 11 May 2016 and is an investment vehicle of CISI Investment.

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP AFTER COMPLETION OF THE [REDACTED] AND THE [REDACTED]

The following chart sets out the shareholding structure of our Group immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon exercise of any options that may be granted pursuant to exercise of the [REDACTED]):

[REDACTED]