

## APPENDIX IV

## STATUTORY AND GENERAL INFORMATION

### A. FURTHER INFORMATION ABOUT THE GROUP

#### 1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Cayman Company Law as an exempted company with limited liability on 22 June 2016. The Company has established its principal place of business in Hong Kong at Unit 09, 16/F, Wellborne Commercial Centre, 8 Java Road, North Point, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 11 August 2016. In connection with such registration, Mr. Yeung Kwong Wai (楊光偉) has been appointed as the authorised representative of the Company for acceptance of service of process and notices on behalf of the Company in Hong Kong. The address for acceptance of service of process and notices on behalf of our Company in Hong Kong is the same as its registered place of business in Hong Kong.

As the Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Company Law and its constitution, which comprises the Memorandum and Articles. A summary of certain provisions of the Company’s constitution and relevant aspects of the Cayman Company Law is set out in the section headed “Summary of the constitution of the Company and Cayman Company Law” in Appendix III to this document.

#### 2. Changes in the share capital of the Company

The following sets out the changes in the Company’s share capital since the date of incorporation:

- (a) As at the date of incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, of which one subscriber share was allotted and issued to the subscriber, which was then transferred to Alpha Sense (BVI) on the same day.
- (b) On 28 June 2016, 3,564 Shares were allotted and issued to Alpha Sense (BVI) at par value credited as fully paid; 551 Shares were allotted and issued to Cyber Pioneer (BVI) at par value credited as fully paid; and 884 Shares were allotted and issued to Future Way (BVI) at par value credited as fully paid.
- (c) On 30 June 2016, 57,032 Shares were issued and allotted to Alpha Sense (BVI), 8,816 Shares were issued and allotted to Cyber Pioneer (BVI), and 14,152 Shares were issued and allotted to Future Way (BVI) pursuant to a share swap agreement dated 30 June 2016 entered into between (i) Mr. Foo (ii) Mr. Hoo and (iii) Mr. Chan, Nexion Global (BVI) and the Company.
- (d) Pursuant to a share subscription agreement dated 30 June 2016 entered into among Vantage Network (BVI), Alpha Sense (BVI), Cyber Pioneer (BVI), Future Way (BVI) and the Company, [REDACTED] Shares were issued and allotted to Vantage Network (BVI) for an aggregate subscription price of US\$[REDACTED] (or its equivalent in Hong Kong dollars of HK\$[REDACTED]).
- (e) On 31 May 2017, the Shareholders resolved to increase the authorised share capital of the Company from HK\$380,000 divided into 38,000,000 Shares to HK\$60,000,000 divided into 6,000,000,000 Shares by the creation of 5,962,000,000 Shares, each carry the same rights with the Shares then in issue in all respects.
- (f) Immediately before completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the authorised share capital of the Company will be HK\$[REDACTED] divided into

[REDACTED] Shares of HK\$0.01 each, of which [REDACTED] Shares will be allotted and issued, fully paid or credited as fully paid and [REDACTED] Shares will remain unissued.

Other than any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and/ or the exercise of the general mandate referred to in the paragraph headed “— A. Further information about the Group — 3. Resolutions in writing of the Shareholders” in this Appendix, the Directors at present have no intention to issue to any party any of the authorised but unissued capital of the Company, and without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed in this document, there has been no other alterations in the share capital of the Company since its incorporation.

### **3. Resolutions in writing of the Shareholders**

Pursuant to the written resolutions passed by the Shareholders on 31 May 2017, it was resolved that:

- (a) the Memorandum and the Articles were conditionally approved and adopted to take effect upon the [REDACTED];
- (b) conditional on all the conditions set out in the section headed “Structure and conditions of the [REDACTED]” in this document being fulfilled:
  - (i) the [REDACTED] was approved and the Directors were authorised to effect the same and to allot and issue the [REDACTED];
  - (ii) conditional upon the share premium account of the Company being credited as a result of the [REDACTED], the Directors were authorised to capitalise the amount of HK\$[REDACTED] from the amount standing to the credit of the share premium account of the Company to pay up in full at par [REDACTED] Shares for allotment and issue to the person(s) whose name(s) appears on the register of members of the Company at the close of business on the date immediately preceding the date on which the [REDACTED] becoming unconditional, pro-rata to its/their then existing shareholdings in the Company;
  - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” in this Appendix, were approved and adopted and the Directors or any committee of the Board were authorised, subject to the terms and conditions of the Share Option Scheme, to implement the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
  - (iv) a general conditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with (otherwise than by way of rights issue or an issue of shares upon the exercise of any subscription or conversion rights attached to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the Share Option Scheme, any other option scheme

or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any script dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting) Shares with a total nominal value not exceeding (i) 20.0% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (ii) the aggregate nominal value of Shares repurchased under the Repurchase Mandate as defined in paragraph (d) below. Such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;
- (v) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorising them to exercise all powers of the Company to repurchase 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 such number of Shares with a total nominal value not exceeding 10.0% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the [REDACTED] and the [REDACTED], such mandate to remain in effect until whichever is the earliest on:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution of the Shareholders in general meeting, revoking, varying or renewing such mandate;
- (vi) the Repurchase Mandate was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10.0% of the aggregate of the total nominal value of the share capital of the Company in issue immediately following completion of the [REDACTED] and the [REDACTED] (without

taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

#### **4. Reorganisation**

The companies comprising the Group underwent a Reorganisation in preparation for the [REDACTED], details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this document. Following the Reorganisation, the Company became the holding company of the Group.

A diagram showing the Group structure after the Reorganisation and immediately upon completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) is set out in the section headed “History, Reorganisation and Corporate Structure” in this document.

#### **5. Changes in share capital of the subsidiaries**

The subsidiaries of the Company are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this document. Save as disclosed in the section headed “History, Reorganisation and Corporate Structure” in this document, there has been no alteration in the share capital of the subsidiary within two years immediately preceding the date of this document.

#### **6. Repurchase by the Company of its own securities**

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by the 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 in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to the resolutions in writing passed by the Shareholders on 31 May 2017, the Repurchase Mandate was granted to the Directors authorising the repurchase by the Company on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10.0% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the [REDACTED] and the [REDACTED], at any time until (aa) the conclusion of the next annual general meeting of the Company; (bb) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Memorandum and Articles to be held; or (cc) when such mandate is revoked or varied or renewed by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

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(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum and Articles and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing 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.

**(b) *Exercise of the Repurchase Mandate***

Exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in up to [REDACTED] Shares being repurchased by the Company during the course of the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

**(c) *Trading restrictions***

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The GEM Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

**(d) *Suspension of repurchase***

Pursuant to the GEM Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of 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 a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the GEM Listing Rules); and (ii) the deadline for a listed 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 in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

**(e) Reporting requirements**

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

**(f) Core connected persons**

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person" (as defined in the GEM Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company on the Stock Exchange.

**(g) Reasons for repurchases**

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share.

**(h) Funding of repurchases**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands.

Pursuant to the Repurchase Mandate, any repurchase of Shares will be made out of funds of the Company legally permitted to be utilised in this connection, including profits of the Company, share premium or the proceeds from a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Cayman Company Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles and subject to the Cayman Company Law, out of capital of the Company.

The Company may not repurchase 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.

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### (i) *General*

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this document) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules) currently intends to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Memorandum, the Articles and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong (the "**Code**"). As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the interests of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code. Save as aforesaid, the Directors are not aware of any consequence which would arise under the Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the [REDACTED].

## B. FURTHER INFORMATION ABOUT THE GROUP'S BUSINESS

### 1. Summary of material contracts

The following contracts (not being contracts entered into the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the date of this document and are or may be material:

- (a) the sale and purchase agreement dated 30 June 2016 and entered into by Mr. Foo, Mr. Chan, Mr. Hoo, Expert Team (BVI) and Nexion Global (BVI) in relation to the transfer of an aggregate of 300,000 shares of Expert Team (Singapore), being the entire issued share capital in Expert Team (Singapore) from Mr. Foo, Mr. Chan and Mr. Hoo to Expert Team (BVI) for an aggregate consideration of US\$973,611 which was settled by way of allotment and issue of a total of 1,800 shares in Nexion Global (BVI) to Mr. Foo, Mr. Chan and Mr. Hoo;

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- (b) the sale and purchase agreement dated 30 June 2016 by Mr. Foo, Nexion Global (BVI) and Netsis (BVI) in relation to the transfer of 500,000 Shares of Netsis (Singapore), being the entire issued share capital in Netsis (Singapore) from Mr. Foo to Netsis (BVI) for a consideration of US\$1,900,506 which was settled by way of allotment and issue of 3,516 new shares in Nexion Global (BVI) to Mr. Foo;
- (c) the sale and purchase agreement dated 30 June 2016 and entered into by Mr. Foo, Mr. Chan, Mr. Hoo, GET (BVI) and Nexion Global (BVI) in relation to the transfer of an aggregate of 100,000 shares of GET (Malaysia), being the entire issued share capital in GET (Malaysia) from Mr. Foo, Mr. Chan and Mr. Hoo to GET (BVI) for an aggregate consideration of US\$2,531,082 which was settled by way of allotment and issue of a total of 4,683 new shares in Nexion Global (BVI) to Mr. Foo, Mr. Chan and Mr. Hoo;
- (d) the share swap agreement dated 30 June 2016 and entered into by Mr. Foo, Mr. Hoo, Mr. Chan, Nexion Global (BVI) and the Company in relation to the acquisition of an aggregate of 10,000 shares of Nexion Global (BVI), being the entire issued share capital in Nexion Global (BVI) by the Company for an aggregate consideration of US\$5,405,199 which was settled by way of allotment and issue of a total of 80,000 Shares to Alpha Sense (BVI), Cyber Pioneer (BVI) and Future Way (BVI);
- (e) the share subscription agreement dated 30 June 2016 and entered into among Vantage Network (BVI), Alpha Sense (BVI), Cyber Pioneer (BVI), Future Way (BVI) and the Company in relation to the subscription of [REDACTED] Shares for an aggregate subscription price of US\$[REDACTED] (or its equivalent in Hong Kong dollars of HK\$[REDACTED]) which was fully settled by Vantage Network (BVI) on 30 June 2016;
- (f) the Deed of Indemnity;
- (g) the Deed of Non-Competition; and
- (h) the [REDACTED].

**2. Intellectual property rights of the Group**

**(i) Trademark**

As at the Latest Practicable Date, the Group has registered the following trademark which is material in relation to its business:

<u>Trademark</u>	<u>Registered Owner</u>	<u>Place of registration</u>	<u>Trade Mark number</u>	<u>Class</u>	<u>Date of registration</u>	<u>Expiry Date</u>
	Nexion (Hong Kong)	Hong Kong	303814614	35, 38, 42 (Note 1)	22 June 2016	21 June 2026

Note:

- 1. Class 35: Advertising; business management; business administration; office functions
- Class 38: Telecommunications



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Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer and software

**(ii) Patent**

As at the Latest Practicable Date, the Group has applied for the grant of the following patents which are material in relation to the Group's business:

No.	Patent	Applicant	Place of registration	Application number	Application date	Status
(a)	Systems and methods for intercepting, filtering and blocking content from internet in real time . . . . .	Expert Team (Singapore)	Singapore	10201407948Y	28 November 2014	Pending
(b)	Systems and methods for intercepting, filtering and blocking content from internet in real time . . . . .	Expert Team (Singapore)	International patent application under the PCT	PCT/SG2015/050473	26 November 2015	Pending
(c)	System and method for detecting, intercepting and taking over control of multiple rogue drones simultaneously . . .	GET (Malaysia)	International patent application under the PCT	PCT/SG2016/050434	5 September 2016	Pending
(d)	Mechanism in decoding and reconstructing network packets in real time . . . . .	Expert Team (Singapore)	International patent application under the PCT	PCT/SG2016/050464	22 September 2016	Pending

**(iii) Domain name**

As at the Latest Practicable Date, the Group has registered the following domain names:

No.	Domain name	Registrant	Commencement date	Expiry date
(a)	www.netsis.com.sg . . . . .	Netsis (Singapore)	18 March 2002	18 March 2018
(b)	www.expert-team.net . . . . .	Expert Team (Singapore)	15 August 2012	15 August 2018
(c)	www.globalexpertteam.com . . .	GET (Malaysia)	15 March 2015	15 March 2018
(d)	www.nexion.com.hk . . . . .	Nexion (Hong Kong)	23 June 2016	22 June 2018

Save for the aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents and intellectual property rights which were material in relation to the Group's business.

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**C. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

**1. Directors**

**(a) Disclosure of interests of the Directors**

So far as the Directors are aware, immediately following completion of the [REDACTED] and the [REDACTED] (taking no account of any shares which may be taken up under the [REDACTED] or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the interests or short positions of each of the Directors and the chief executives of the Company in the Shares, underlying Shares and the debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are [REDACTED], will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are [REDACTED], or which will be required pursuant to Chapter 5 of the GEM Listing Rules to be notified to the Company and the Stock Exchange are set out as follows:

<u>Name</u>	<u>Long/short position</u>	<u>Capacity/Type of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Mr. Foo (Note 1) . . . . .	Long Position	Interest in a controlled corporation	[REDACTED] Shares	[REDACTED]%

Note:

(1) These Shares are registered in the name of Alpha Sense (BVI), which was held as to 100% by Mr. Foo.

**(b) Particulars of service contracts**

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the [REDACTED], which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of the Directors as set out in the Articles. Particulars of the service agreements of the Directors are in all material respects the same. The salary of the executive Directors is subject to review each year. In addition, each of the executive Directors is also entitled to bonus as determined by the Board based on the recommendations made by the remuneration committee.

Pursuant to the letters of appointment between the Company and the independent non-executive Directors, the independent non-executive Directors have been appointed for a term of three years commencing from the [REDACTED] which may be terminated by either party by giving three months' written notice.

Save as disclosed above, none of the Directors has entered or proposed to enter into any service contract/letter of appointment with the Company or any of the subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

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**(c) Directors' remuneration**

For the years ended 31 December 2014, 2015 and 2016, the aggregate emoluments paid and benefits in kind granted by the Group to the Directors were approximately US\$125,000, US\$173,000 and US\$361,000, respectively. Further information in respect of the Directors' remuneration is set out in note 8 of section B of the Accountants' Report set out in Appendix I to this document.

An aggregate sum of approximately US\$218,000 will be paid to the Directors as remuneration and benefits in kind by the Group for the year ending 31 December 2017 under the arrangements in force at the date of this document excluding discretionary bonus.

**2. Substantial Shareholders**

So far as the Directors are aware, immediately following the completion of the [REDACTED] and the [REDACTED] (taking no account of any Shares which may be taken up under the [REDACTED] or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of the Company) who will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

<u>Name</u>	<u>Long/ short position</u>	<u>Capacity/Type of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Alpha Sense (BVI) (Note 1) . . . . .	Long position	Beneficial interests	[REDACTED]	[REDACTED]%
Mr. Foo (Note 1) . . . . .	Long position	Interest in a controlled corporation	[REDACTED]	[REDACTED]%
Future Way (BVI) (Note 2) . . . . .	Long position	Beneficial interests	[REDACTED]	[REDACTED]%
Mr. Hoo (Note 2) . . . . .	Long position	Interest in a controlled corporation	[REDACTED]	[REDACTED]%
Vantage Network (BVI) (Note 3) . . . . .	Long position	Beneficial interests	[REDACTED]	[REDACTED]%
Vast Mega Limited (Note 3) . . . . .	Long position	Interest in a controlled corporation	[REDACTED]	[REDACTED]%
China Smartpay Group Holdings Limited (Note 3) . . . . .	Long position	Interest in a controlled corporation	[REDACTED]	[REDACTED]%
Cyber Pioneer (BVI) (Note 4) . . . . .	Long position	Beneficial interests	[REDACTED]	[REDACTED]%
Mr. Chan (Note 4) . . . . .	Long position	Interest in a controlled corporation	[REDACTED]	[REDACTED]%

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### Notes:

1. Alpha Sense (BVI) is an investment holding company incorporated in the BVI and is held as to 100% by Mr. Foo. By virtue of the SFO, Mr. Foo is deemed to be interested in the Shares held by Alpha Sense (BVI).
2. Future Way (BVI) is an investment holding company incorporated in the BVI and is held as to 100% by Mr. Hoo. By virtue of the SFO, Mr. Hoo is deemed to be interested in the Shares held by Future Way (BVI).
3. Vantage Network (BVI) is an investment holding company incorporated in the BVI and is held as to 100% by Vast Mega Limited, an investment holding company incorporated in the BVI which is in turn held as to 100% by China Smartpay Group Holdings Limited (Stock Code: 8325), a company listed on the GEM of the Stock Exchange since 28 August 2009. By virtue of the SFO, China Smartpay Group Holdings Limited and Vast Mega Limited are deemed to be interested in the Shares held by Vantage Network (BVI).
4. Cyber Pioneer (BVI) is an investment holding company incorporated in the BVI and is held as to 100% by Mr. Chan. By virtue of the SFO, Mr. Chan is deemed to be interested in the Shares held by Cyber Pioneer (BVI).

### 3. Related party transactions

The Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in note 24 of the Accountants' Report set out in Appendix I to this document.

### 4. Disclaimers

Save as disclosed in this document:

- (a) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to Chapter 5 of the GEM Listing Rules once the Shares are [REDACTED];
- (b) none of the Directors or experts referred to under the paragraph headed “— E. Other Information — 8. Consents of experts” in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (c) none of the 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 the Group taken as a whole;
- (d) without taking into account of any Shares which may be taken up under the [REDACTED] or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, none of the Directors knows of any person (not being a director or chief executive of the

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Company) who will, immediately following completion of the [REDACTED] and the [REDACTED], have an interest or short position in the Shares, underlying Shares or the debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, 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 member of the Group; and

- (e) none of the experts referred to under the paragraph headed “— E. Other Information — 8. Consents of experts” in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**D. SHARE OPTION SCHEME**

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

- “Adoption Date” . . . . . the date on which the Share Option Scheme was conditionally adopted by written resolutions of all the Shareholders;
- “Associate” . . . . . has the meaning ascribed to it under the GEM Listing Rules;
- “Auditors” . . . . . the auditors of the Company for the time being;
- “Board” . . . . . the board of directors of the Company for the time being or a duly authorised committee thereof;
- “Business Day” . . . . . any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
- “Company” . . . . . Nexion Technologies Limited, a company incorporated in the Cayman Islands with limited liability on 22 June 2016, the securities of which are proposed to be [REDACTED] on the Growth Enterprise Market of the Stock Exchange;
- “connected person” . . . . . has the meaning ascribed to it under the GEM Listing Rules;
- “Date of Grant” . . . . . in respect of an Option, the Business Day on which the Board resolves to make an Offer, or the grant of an Option to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the Share Option Scheme;
- “GEM Listing Rules” . . . . . the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;

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“Grantee” . . . . .	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the personal representative of such person;
“Group” . . . . .	the Company and the Subsidiaries;
“HK\$” . . . . .	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong” . . . . .	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit” . . . . .	the meaning ascribed thereto in paragraph (a)(v)(cc);
“[REDACTED]” . . . . .	[REDACTED]
“Offer” . . . . .	the offer of the grant of an Option;
“Option” . . . . .	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
“Option Period” . . . . .	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
“Participants” . . . . .	directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group;
“Scheme Limit” . . . . .	has the meaning ascribed to it in paragraph (a)(v)(ee);
“Scheme Mandate Limit” . . . . .	has the meaning ascribed to it in paragraph (a)(v)(aa);
“Shareholder(s)” . . . . .	holder(s) of the Shares;
“Shares” . . . . .	the shares of par value of HK\$0.01 each in the share capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“Stock Exchange” . . . . .	The Stock Exchange of Hong Kong Limited;

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"Subscription Price" . . . . .	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (iv) below;
"Subsidiary" . . . . .	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of the Company, whether incorporated in Hong Kong or elsewhere and "Subsidiaries" shall be construed accordingly;
"Supplementary Guidance" . . . . .	supplementary guidance on Rule 23.03(13) of the GEM Listing Rules issued by the Stock Exchange dated 5 September 2005; and
"%" . . . . .	per cent.

**(a) Summary of terms**

The Share Option Scheme contains the following terms:

**(i) Purpose**

The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

**(ii) Who may join**

The Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (iv) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of the Board, include, among other things, (aa) the minimum period for which an Option must be held before it can be exercised; and/or (bb) a performance target that must be reached before the Option can be exercised in whole or in part; and (cc) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated above, it shall be deemed to have been irrevocably declined.

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No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the GEM Listing Rules or by any other applicable rules, regulations or law.

The Directors may or may not set performance targets that must be achieved before the options can be exercised, but no such performance targets are presently prescribed under the Share Option Scheme.

The rules of the Share Option Scheme enable the Directors to determine the terms and conditions of any option based in each case on relevant factors as they consider appropriate. The Directors believe that the authority given to them under the Share Option Scheme to set any minimum holding period and/or performance targets as conditions in any option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of the Company and any of its subsidiaries as well as to achieve the purpose of the Share Option Scheme.

**(iii) *Grant of Options to connected persons or any of their associates***

Any grant of Options to any Director, chief executive or substantial shareholder (as such term is defined in the GEM Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of the Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

- (aa) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and
- (bb) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the GEM Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolutions at such general meeting of the Shareholders.

**(iv) *Subscription Price***

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (aa) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;



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(bb) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and

(cc) the nominal value of the Shares.

**(v) Maximum number of Shares**

(aa) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the [REDACTED] which amounts to [REDACTED] Shares (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

(bb) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:

(a) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and

(b) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the GEM Listing Rules then prevailing to be included in such circular.

(cc) Subject to paragraph (dd) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "**Individual Limit**").

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- (dd) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his/her associates abstaining from voting. the Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the GEM Listing Rules.
- (ee) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time (the "**Scheme Limit**").

**(vi) *Time of exercise of option***

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period. After the expiration of the Option Period, no further Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

**(vii) *Rights are personal to grantees***

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

**(aa) *Rights on termination of employment by dismissal***

- (i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or, has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option will lapse automatically and not be exercisable (to the extent not already exercised) on or after the date of termination of his employment. To the extent that the Grantee has exercised the Option in whole or in part pursuant to paragraph (xxiii) below, but the Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option.

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- (ii) If the Grantee who is an employee or a Director or another member of the Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (viii)(aa)(1) above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of his employment (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

*(bb) Rights on death*

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (viii)(aa)(1) above have arisen, his personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death provided that where any of the events set out in paragraphs (x), (xi), (xii) and (xiii) occurs prior to his death or within such period of six months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods set out in such paragraphs provided further that if within a period of three years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (vii)(aa)(1) which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and the Company shall return to him the amount of the Subscription Price for the Share received by the Company in respect of the purported exercise of such Option.

***(viii) Effect of alterations to share capital***

In the event of an alteration in the capital structure of the Company, whilst any Option remains exercisable, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or, consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:

(aa) the number or nominal amount of Shares subject to the Option so far as unexercised; or

(bb) the Subscription Price,

or any combination thereof, provided that:

- (i) any such adjustments give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled; and

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- (ii) notwithstanding paragraph (ix)(1) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or [REDACTED] shall be made in accordance with the provisions of Chapter 23 of the GEM Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time (including the Supplemental Guidance attached to all issuers relating to share option schemes).

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or auditor must confirm to the Directors in writing that the adjustments are in their opinion fair and reasonable.

**(ix) *Rights on a general offer by way of takeover***

In the event of a general offer by way of takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

**(x) *Rights on a general offer by way of scheme of arrangement***

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter, (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company.

**(xi) *Rights on winding up***

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

***(xii) Rights on a compromise or arrangement***

In the event a compromise or arrangement (other than a scheme of arrangement) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

***(xiii) Rights of Grantee ceasing to be Participant***

In the event of a Grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

***(xiv) Ranking of Shares***

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Memorandum and Articles for the time being in force and shall carry the same rights as the existing fully paid Shares in issue on the date on which these Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividend or other distributions paid or made after the date on which the Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

***(xv) Period of the Share Option Scheme***

The Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. The Company may, by ordinary resolution in a general meeting or, the Board, on such date as the Board determines, terminate the Share Option Scheme at any time without prejudice to the exercise of Options granted prior to such termination.

***(xvi) Alterations to the Share Option Scheme***

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 23 of the GEM Listing Rules.

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**(xvii) Conditions of the Share Option Scheme**

The Share Option Scheme shall take effect subject to:

- (aa) the passing of the resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;
- (bb) the Listing Division (as defined in the GEM Listing Rules) of the Stock Exchange granting approval of the [REDACTED] of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options; and
- (cc) the commencement of [REDACTED] of the Shares on the Growth Enterprise Market of the Stock Exchange.

**(xviii) Lapse of Option**

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (aa) the expiry of the Option Period;
- (bb) the expiry of the periods referred to in paragraphs (viii)(aa), (viii)(bb), (x), (xi), (xii), (xiii) and (xiv) above respectively;
- (cc) the expiry of the period referred to in paragraph (x) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (dd) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (xi) above;
- (ee) the date of commencement of the winding-up of the Company;
- (ff) the date on which the Grantee ceases to be a Participant as referred to in paragraph (viii)(aa)(1) above;
- (gg) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and
- (hh) subject to paragraph (viii)(aa)(2) above, the date the Grantee ceases to be a Participant for any other reason.

**(xix) Termination of the Share Option Scheme**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force

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and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

**(xx) Restriction on grant of Option**

In addition, a grant of Options may not be made after inside information has come to its knowledge until such inside information has been published in the newspapers or in such other manner as prescribed by the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (aa) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the GEM Listing Rules); and
- (bb) the deadline for the Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

**(xxi) Cancellation**

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits prescribed by paragraph (v), excluding the cancelled Options, and are otherwise granted in accordance with the terms of the Share Option Scheme.

**(xxii) Exercise of Options**

- (aa) An Option may, subject to the provisions of paragraph (v), be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set out in paragraphs (vi), (viii), (x), (xi), (xii), (xiii) and (xiv) by the Grantee (or, as the case may be, his legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within ten (10) Business Days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company pursuant to paragraph (v), the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative(s)) share certificates in respect of the Shares so allotted.

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- (bb) The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.
- (cc) The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.
- (dd) No Grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an Option pursuant to the Share Option Scheme, unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option.

### **(b) Present status of the Share Option Scheme**

As at the Latest Practicable Date, no option had been granted or agreed to be granted pursuant to the Share Option Scheme.

## **E. OTHER INFORMATION**

### **1. Estate duty, tax and other indemnities**

The Controlling Shareholders have entered into the Deed of Indemnity with and in favour of the Company (for itself and as trustee for each of the present subsidiaries) (being the material contract referred to in item (iv) of the section headed "Summary of material contracts" in this Appendix) pursuant to which Alpha Sense (BVI) (the "**Indemnifiers**") has agreed and undertaken to provide indemnities in respect of, among other matters, Hong Kong estate duty which might be payable by any member of the Group, by reason of the death of any person and by reason of any transfer of property (within the meaning of Section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong), to any member of the Group on or before the date on which the [REDACTED] becomes unconditional (the "**Effective Date**") whereas Mr. Foo, as personal guarantor, has agreed to guarantee the due performance of the Indemnifier of its obligation under the Deed of Indemnity.

The Deed of Indemnity also contain, amongst other things, indemnities given by the Indemnifier in respect of taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which the Company may be subject on or before the Effective Date which might be payable by any member of the Group.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries under the laws of the Cayman Islands, the BVI or Hong Kong, being jurisdictions in which one or more of the companies comprising the Group were incorporated.

### **2. Litigation**

As at the Latest Practicable Date, neither the Company nor any of the subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened against the Company or any of the subsidiaries.



**3. Sole Sponsor**

The Sole Sponsor has made an application for and on behalf of the Company to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, including any [REDACTED] and any Shares falling to be issued pursuant to the [REDACTED] or pursuant to the exercise of any options which may be granted under the Share Option Scheme.

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the [REDACTED], other than the following:

- (a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sole sponsor of the [REDACTED]; and
- (b) by way of the compliance advisory fee to be paid to Southwest HK Capital as the Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

No director or employee of the Sole Sponsor who is involved in providing advice to the Company has or may have, as a result of the [REDACTED], any interest in any class of securities of the Company or any of its subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in the Company or any other companies comprising the Group. The Sole Sponsor is independent from the Group under Rule 6A.07 of the GEM Listing Rules.

**4. Preliminary expenses**

The preliminary expenses of the Company are approximately US\$6,450 and have been paid by the Company.

**5. Sole Sponsor's fees**

The Sole Sponsor's fees of the Company are approximately HK\$3,900,000 (equivalent to approximately US\$500,000) and are payable by the Company.

**6. Promoter**

The Company does not have any promoter for the purpose of the GEM Listing Rules.

**APPENDIX IV**

**STATUTORY AND GENERAL INFORMATION**

**7. Qualifications of experts**

The following are the qualifications of the experts who have been given opinion or advice which are contained in this document:

<u>Name</u>	<u>Qualification</u>
Southwest HK Capital . . . . .	Licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO
Mazars CPA Limited . . . . .	Certified Public Accountants of Hong Kong
Mazars LLP . . . . .	Public Accountants and Chartered Accountants of Singapore
China Insights Consultancy Limited . . . . .	Industry consultant
Virtus Law LLP . . . . .	Legal advisers as to Singapore laws
David Lai & Tan . . . . .	Legal advisers as to Malaysian laws
Maples and Calder (Hong Kong) LLP . . . . .	Legal advisers as to Cayman Islands laws
DLA Piper UK LLP . . . . .	Legal advisers advising on International Sanctions
Harry Elias Partnership LLP . . . . .	Legal advisers advising on the Singapore Private Security Industry Act
Deheng Law Offices (Shenzhen) . . . . .	Legal advisers as to PRC laws

**8. Consents of experts**

Each of experts referred to in “7. Qualification of experts” has given and has not withdrawn its/his written consent to the issue of this document with the inclusion of its report and/or letters and/or and/or valuation certificates and/or legal opinion (as the case may be) and the references to their name included herein in the form and context in which they are respectively included.

**9. 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 Provisions) Ordinance so far as applicable.

**10. Agency fees or commission received**

The [REDACTED] will receive an [REDACTED] commission, and the Sole Sponsor will receive a documentation and advisory fee, as referred to under the section headed "[REDACTED] — [REDACTED] arrangements and expenses — Commissions and expenses" in this document.

**11. No material adverse change**

The Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of the Group since 31 December 2016 (being the date to which the latest audited combined financial statements of the Group were made up) and up to the date of this document.

**12. Miscellaneous**

- (a) Save as disclosed in this document, within the two years preceding the date of this document:
  - (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) the Group has no outstanding convertible debt securities or debentures;
  - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
  - (v) no founders, management or deferred shares of the Company or, any of its subsidiaries have been issued or agreed to be issued; and
  - (vi) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries;
- (b) none of the persons named in the paragraph headed "— E. Other Information — 8. Consents of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of the Group nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group;
- (c) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 30 June 2016 (being the date to which the latest audited combined financial statements of the Group were made up);
- (d) the Directors confirm that there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the last 24 months;

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**APPENDIX IV****STATUTORY AND GENERAL INFORMATION**

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- (e) the principal register of members of the Company will be maintained in Cayman Islands by [REDACTED] and a branch register of members of the Company will be maintained in Hong Kong by the Company's share registrar in Hong Kong, [REDACTED]. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Company's branch share register in Hong Kong and may not be lodged for registration with the principal share registrar in the Cayman Islands;
- (f) no member of the Group is presently listed on any stock exchange or traded on any trading system;
- (g) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (h) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

**13. 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).