
SUMMARY

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

There are risks associated with any investment. Some of the particular risks are set out in the sections headed “Risk factors” and “Specific risk associated with the Proposed Restructuring” in this prospectus. You should read these sections carefully before you decide whether to invest in the Offer Shares.

BACKGROUND

References are made to (i) the Circular in relation to, among other things, the YM Subscription, the New Placing, the Creditors’ Scheme, the Acquisition and the Public Offer; and (ii) the subsequent announcements of the Company dated 29 May 2019, 30 May 2019, 5 June 2019, 13 June 2019, 14 June 2019, 19 June 2019, 20 June 2019 and 21 June 2019.

Trading in the Shares on the Stock Exchange has been suspended since 1:00 p.m. on 18 September 2014. The Company was placed into the third delisting stage under Practice Note 17 to the Listing Rules by the Listing Department and the Resumption was subject to conditions imposed by the Stock Exchange. On 9 February 2015, the Company was ordered by the High Court to be wound up. On 24 August 2016, the Company submitted the Resumption Proposal containing, among others, the Acquisition which constituted a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules, to the Stock Exchange. The Company filed and renewed the New Listing Application on 28 April 2017, 6 November 2017, 11 October 2018 and 11 April 2019. The Stock Exchange granted the in-principle approval to the New Listing Application and the despatch of the Circular on 24 April 2019 and the Circular was despatched on 27 April 2019.

Pursuant to the Acquisition Agreement, the Company will acquire the entire share capital of Yu Ming at a consideration of HK\$400.0 million, which will be satisfied by the Company in cash within three days upon Acquisition Completion. Upon Acquisition Completion, Yu Ming will become a wholly-owned subsidiary of the Company. As at the Latest Practicable Date, Yu Ming is an indirect wholly-owned subsidiary of Allied Group and is a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

The Company does not intend to continue the existing businesses of the Group after Resumption. The Excluded Companies, being all the existing subsidiaries of the Company, will be divested pursuant to the Creditors’ Scheme. Immediately following Acquisition Completion and the Creditors’ Scheme becoming effective, the Enlarged Group will only consist of the Company and Yu Ming. After Acquisition Completion, the Enlarged Group will be principally engaged in the provision of corporate finance advisory services and asset management services. Other than the transactions contemplated under the Proposed Restructuring and the introduction of the business of Yu Ming, the Company does not intend to introduce any major change to the Enlarged Group’s business.

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Please refer to the Circular for details of transactions contemplated under the Proposed Restructuring, including the YM Subscription, the New Placing, the Creditors' Scheme and the Acquisition.

On 22 May 2019, relevant resolutions approving, among others, the Capital Reorganisation, the Subscriptions, the New Placing (if Ms. Chong's Subscription Agreement lapses), the Creditors' Scheme, the Acquisition, the Public Offer (including the Preferential Offering), the Whitewash Waiver and the Special Deal were duly passed at the EGM following the Chairman's Decision. On 4 June 2019, at a hearing (the "**Hearing**") before the Grand Court, the Company informed the Grand Court of the votes cast by the Dissenting Shareholder against the proposed resolutions relating to the Proposed Restructuring at the EGM and the Chairman's Decision. To avoid potential dispute from the Dissenting Shareholder, the Grand Court directed and the Company filed the Declaratory Summons dated 12 June 2019 seeking a declaration that the resolutions proposed at the EGM were validly passed as declared by the chairman of the EGM; and/or in the alternative, a declaration that the votes of the Dissenting Shareholder cast at the EGM in respect of the proposed capital reduction of the Company be set aside and, disregarded in determining whether the resolutions considered at the EGM were passed. The Grand Court has listed the hearing of the Declaratory Summons and the application for confirmation of the Capital Reduction on 5 July 2019. The Grand Court further directed that if the Dissenting Shareholder, or any other shareholder of the Company, wishes to appear and be heard in relation to the application to reduce the capital of the Company on 5 July 2019, that party must provide the Company with written notice of the intention to appear and be heard and must file and serve any evidence in support of their position by 26 June 2019. As at the Latest Practicable Date, no written notice was received by the Company. It is expected that the Capital Reduction will be confirmed by the Grand Court shortly after the hearing to be held on 5 July 2019 and the Capital Reorganisation will become effective on 15 July 2019. Please refer to the section headed "Specific Risk Associated with the Proposed Restructuring" in this prospectus for further details.

Pursuant to the order dated 30 April 2019 and the order dated 11 June 2019, the Grand Court and the High Court has respectively directed, among others, the Scheme Meeting to be convened for the purpose of considering and, if thought fit, approving the Creditors' Scheme. The Scheme Document was despatched to the Creditors on 13 June 2019 and the Scheme Meeting will be held on 5 July 2019. Subject to the approval of the Creditors' Scheme by the Creditors at the Scheme Meeting, hearing for sanctioning the Creditors' Scheme by the Grand Court and the High Court will be held on 8 July 2019 (Cayman Islands time) and 9 July 2019 (Hong Kong time) respectively. It is expected that the Creditors' Scheme will become effective on or before 15 July 2019.

The Company will announce its withdrawal of the Public Offer if, (1) the Grand Court not granting any of the orders sought by the Company under Event A; (2) the Grand Court granting the orders sought by the Company under Event A and the Appeal Deadline is on or before 24 July 2019, the Dissenting Shareholder applies for leave to appeal the said orders or order for suspension of execution by the Appeal Deadline; OR (3) the Grand Court granting the orders sought by the Company under Event A and the Appeal Deadline is beyond 24 July 2019, the Company does not receive an irrevocable undertaking from the Dissenting Shareholder by 24 July 2019 to the satisfaction of SFC and the Stock Exchange.

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Where the Public Offer is withdrawn in any of the events listed above, refund cheques in respect of the Public Offer will be despatched to the applicants within five Business Days from the date of the announcement. The Shareholders and public investors should note that in the event that the Company announces its withdrawal of the Public Offer in the scenarios above or the Proposed Restructuring (including the Public Offer) does not become unconditional, the application monies for the Offer Shares will be refunded without interest. Please refer to the section headed “Specific Risk Associated with the Proposed Restructuring” in this prospectus for further details.

The application for Offer Shares will commence on Friday, 28 June 2019 through Friday, 19 July 2019, being longer than normal market practice of 3.5 days. The application monies (including the brokerage, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on or before Thursday, 1 August 2019. Investors should be aware that the dealings in the New Shares on the Stock Exchange are expected to commence on Friday, 26 July 2019. Given the Proposed Restructuring containing fund raising by way of public offer is not common in Hong Kong, the Company is of the view that such longer offer period is appropriate as it could provide ample time to the Shareholders and the public investors to consider making application for the Offer Shares.

The Public Offer (including the Preferential Offering) commences on 28 June 2019, if you make the application for the Offer Shares, set out below is a summary for the expected dates of refund if any of the above events trigger the withdrawal of the Public Offer occurs:

Event	Estimated date of events (Cayman Islands time)	Expected announcement date	Expected date of refund	Maximum number of Business Days from the commencement of the Public Offer to the expected date of refund
(1) the Grand Court not granting any of the orders sought by the Company under Event A	5 July 2019	9 July 2019, assuming receipt of court judgment	By 16 July 2019	12
(2) the Grand Court granting the orders sought by the Company under Event A and the Appeal Deadline is on or before 24 July 2019, the Dissenting Shareholder applies for leave to appeal the said orders or order for suspension of execution by the Appeal Deadline	By 24 July 2019	As soon as practicable following the date of this event, assuming to be 25 July 2019	By 1 August 2019	24
(3) the Grand Court granting the orders sought by the Company under Event A and the Appeal Deadline is beyond 24 July 2019, the Company does not receive an irrevocable undertaking from the Dissenting Shareholder by 24 July 2019 to the satisfaction of SFC and the Stock Exchange	24 July 2019	25 July 2019	By 1 August 2019	24

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Other than the above, if the Public Offer is not withdrawn under situations specified under section headed “Specific Risk Associated with the Proposed Restructuring” in this prospectus, in the event that:

- (A) the Public Offer is terminated, refund shall take place on 25 July 2019, which will be 19 Business Days after the commencement of the Public Offer;
- (B) the Public Offer is not terminated, the Resumption and dealing in the New Shares will commence on 26 July 2019, which will be 20 Business Days after the commencement of the Public Offer.

As part of the Proposed Restructuring, the Company proposes to raise in aggregate approximately HK\$125.7 million, before expenses, by way of the Public Offer of 241,705,083 Offer Shares.

The purpose of this prospectus is to provide you with, among other things, further details of (i) the Public Offer and the Preferential Offering (including the procedures for application and payment for the Offer Shares and/or Reserved Shares); (ii) the financial information of Yu Ming and the Group; and (iii) the general information of Yu Ming and the Group.

BUSINESS OF YU MING

Yu Ming is a financial services provider engaged in the provisions of corporate advisory services and asset management services.

Corporate Finance Advisory

During the Track Record Period, the corporate finance advisory services provided by Yu Ming mainly included:

- (i) acting as financial adviser to advise listed issuers, shareholders and investors of listed issuers and entities on specific transactions in respect of the Listing Rules, the GEM Listing Rules and/or the Takeovers Code;
- (ii) acting as independent financial adviser to listed issuers to provide independent advice required under the Listing Rules, the Takeovers Code or other specific circumstances; and
- (iii) acting as financial adviser to listed issuers on retainer basis to advise listed issuers on corporate strategies and compliance with the Listing Rules, the GEM Listing Rules and Takeovers Code.

For each of the three years ended 31 December 2018, revenue generated by Yu Ming’s corporate finance advisory services amounted to approximately HK\$41.2 million, HK\$51.4 million and HK\$40.8 million, representing approximately 68.7%, 69.9% and 68.4% of Yu Ming’s total revenue, respectively.

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Asset Management

During the Track Record Period, Yu Ming provided asset management services solely to SHK.

For each of the three years ended 31 December 2018, revenue generated by Yu Ming's asset management services amounted to approximately HK\$17.4 million, HK\$21.2 million and HK\$17.8 million, representing approximately 29.0%, 28.8% and 29.9% of Yu Ming's total revenue, respectively.

The following table sets out the breakdown of the revenue generated from corporate finance business and asset management of Yu Ming during the Track Record Period:

	Year ended 31 December					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(audited)</i>		<i>(audited)</i>		<i>(audited)</i>	
Corporate Finance						
Advisory	41,232	68.7	51,394	69.9	40,754	68.4
Asset Management	17,424	29.0	21,204	28.8	17,824	29.9
Others ^{Note}	<u>1,392</u>	<u>2.3</u>	<u>917</u>	<u>1.3</u>	<u>999</u>	<u>1.7</u>
Total	<u>60,048</u>	<u>100.0</u>	<u>73,515</u>	<u>100.0</u>	<u>59,577</u>	<u>100.0</u>

Note: Others comprise disbursement reimbursement of 40% of expenses incurred by Yu Ming on office utilities, rents and miscellaneous administrative expenses from SHK under the Management Agreement, details of which are set out in the section headed "Business of Yu Ming – Asset Management" in this prospectus.

Proprietary Trading

During the Track Record Period, Yu Ming has also engaged in proprietary trading of equity securities and fixed income products, selecting investment targets based on Yu Ming's own risks profile and investment cycle.

For the three years ended 31 December 2018, net financial income generated by Yu Ming's proprietary trading amounted to approximately HK\$7.1 million, HK\$8.4 million and HK\$3.2 million respectively.

Financial assets of Yu Ming's proprietary trading amounted to approximately HK\$103.2 million, HK\$26.1 million and HK\$16.6 million as at 31 December 2016, 2017 and 2018 respectively.

As advised by the Proposed Directors, Yu Ming does not intend to actively engage in proprietary trading after Acquisition Completion.

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COMPETITIVE STRENGTH OF YU MING

The Proposed Directors believe that the historical performance and future prospects of Yu Ming are underpinned by a combination of competitive strengths, including: (i) well-established business; (ii) experienced team of professionals; (iii) close and stable relationships with clients; (iv) well-structured professional services; (v) efficient management structure; and (vi) focused services.

BUSINESS STRATEGIES OF YU MING

Yu Ming is adopting the following strategies to build on the competitive strengths described above: (i) strengthening Yu Ming's corporate finance teams to maintain high quality corporate finance advisory services to its clients; (ii) expansion of advisory work in relation to resumption of trading of securities of listed issuers on the Stock Exchange; and (iii) focus on performance under the New Management Agreement.

CLIENTS OF YU MING

Corporate Finance Advisory Clients

Yu Ming had acted for over 60 clients during the Track Record Period. Corporate finance advisory clients are mainly companies listed on the Stock Exchange and shareholders and investors of companies listed on the Stock Exchange.

Repeating business from clients and referrals by clients and professional parties have contributed to the client base of the corporate finance advisory business of Yu Ming. Yu Ming's top five largest clients of this business segment for each of the financial years ended 31 December 2016, 2017 and 2018 in aggregate contributed approximately 42.1%, 34.9% and 35.6% respectively of Yu Ming's total revenue and approximately 61.3%, 50.0% and 52.0% respectively of Yu Ming's revenue from its corporate finance advisory business. The largest client of Yu Ming under this business segment for each of the financial years ended 31 December 2016, 2017 and 2018 accounted for approximately 10.0%, 8.2% and 9.2% respectively of Yu Ming's total revenue and approximately 14.6%, 11.7% and 13.5% respectively of Yu Ming's revenue from its corporate finance advisory business. Due to the "one-off" nature of many corporate finance transactions, Yu Ming's largest client's contribution to revenue will tend to vary from year to year.

Asset Management Client

From the commencement of its business and during the Track Record Period, SHK has been the sole client of Yu Ming for its asset management services. Yu Ming has been appointed by SHK as its investment manager on an exclusive basis since 5 March 1997. The appointment was normally for a term of 3 years and has been renewed every 3 years.

For further details of the clients of Yu Ming, please refer to the section headed "Business of Yu Ming – Clients" in this prospectus.

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FUTURE PLANS OF YU MING

The Proposed Directors believe that the Hong Kong equity market will continue to grow as the number of listed companies in Hong Kong rose steadily during the Track Record Period and more business opportunities are expected to emerge in the financial advisory services industry in the long run. The Enlarged Group will seek to capitalise on the potential growth of the equity market and continue to participate in the financial advisory industry as an active advisory services provider in Hong Kong by continuing to provide services of the highest standards.

RISK FACTORS

There are certain risks involved in the business and operations of the Enlarged Group and in connection with the Acquisition. The risks can be categorised into: (i) risks relating to the Acquisition, the Public Offer, the Subscriptions and the New Placing; (ii) risks relating to the business and operations of Yu Ming; (iii) risks relating to the industry in which Yu Ming operates; (iv) risks relating to macroeconomics and political conditions; and (v) risks associated with accuracy of third party data.

These risk factors are further described in the section headed “Risk Factors” in this prospectus. Set forth below are some of the major risks that may materially and adversely affect Yu Ming: (i) the revenue of Yu Ming’s corporate financial advisory service is on a project-by-project basis and non-recurring in nature; (ii) Yu Ming derived a significant portion of its revenue from its asset management services under which it only has one client; (iii) delay in or termination of transactions may have an adverse impact on Yu Ming’s financial performance; (iv) Yu Ming derived a significant portion of its revenue under its corporate finance advisory services from some major clients; (v) revenue derived from commission based services may be uncertain; (vi) Yu Ming is reliant on key management personnel to conduct business and failure to retain them or to attract suitable replacements would have an adverse impact on operations; (vii) potential employee misconduct could damage Yu Ming’s reputation, financial position and business relationships with clients; and (viii) potential exposure to professional liability and litigation.

SUMMARY OF FINANCIAL INFORMATION OF YU MING

The following is a summary of Yu Ming’s financial information during the Track Record Period as derived from the accountants’ report on Yu Ming, the full text of which is set out in Appendix I to this prospectus. This summary should be read in conjunction with the aforesaid accountants’ report and the section headed “Financial Information of Yu Ming” of this prospectus.

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Highlights of statement of profit or loss and other comprehensive income

	Year ended 31 December		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	60,048	73,515	59,577
Other net (loss)/income	(544)	886	521
Other net financial income	8,404	7,534	2,642
Expenses	<u>(27,088)</u>	<u>(32,677)</u>	<u>(20,117)</u>
Profit before income tax	40,820	49,258	42,623
Income tax expense	<u>(5,692)</u>	<u>(7,571)</u>	<u>(6,525)</u>
Profit for the year	<u><u>35,128</u></u>	<u><u>41,687</u></u>	<u><u>36,098</u></u>

For the year ended 31 December 2017, revenue of Yu Ming increased by approximately 22.4% to approximately HK\$73.5 million as compared with that of 2016. The increase in revenue for 2017 was mainly driven by an increase in the fee income of corporate finance business from approximately HK\$41.2 million for the year ended 31 December 2016 to approximately HK\$51.4 million for the year ended 31 December 2017. The increase in revenue from corporate finance business in 2017 compared with that of 2016 was mainly due to (i) increase in average recognized revenue per corporate finance advisory transaction as 5 specific financial advisory engagements with contract sum amounting to HK\$3,000,000 or above (“High Value Engagements”) were recognized as revenue in 2017 while only 3 High Value Engagements were recognized as revenue in 2016; and (ii) increase in retainer engagements from 11 in 2016 to 16 in 2017. This is also the principal driver for the increase in profit for the year ended 31 December 2017 by approximately 18.7% to approximately HK\$41.7 million as compared with that of 2016.

For the year ended 31 December 2018, revenue of Yu Ming decreased by approximately 19.0% to approximately HK\$59.6 million as compared with that of 2017. The decrease in revenue for 2018 was mainly caused by the decrease in the fee income of corporate finance business from approximately HK\$51.4 million for the year ended 31 December 2017 to approximately HK\$40.8 million for the year ended 31 December 2018. The decrease in revenue from corporate finance business in 2018 compared with that of 2017 was mainly due to a drop in average recognized revenue per corporate finance advisory transaction since (i) only 4 High Value Engagements were recognized as revenue in 2018 while 5 High Value Engagements were recognized as revenue in 2017; and (ii) 3 retainer engagements were terminated in 2018 due to the commercial reasons of clients and the new retainer engagements entered into have lower monthly fee than the terminated engagements, and one engagement letter was renewed in 2018 at a lower monthly fee, resulting in the lower total fee from retainer engagements despite the total number of retainer engagements remained at 16 as year 2017. The net profit decreased from approximately HK\$41.7 million for the year ended 31 December 2017 to approximately HK\$36.1 million for the year ended 31 December 2018 mainly as result of decrease in revenue from corporate finance business.

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Highlights of statement of financial position

	As at 31 December		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total assets	260,159	296,335	111,750
Total liabilities	31,497	45,206	25,164
Net current assets	126,345	234,095	70,197
Net assets	228,662	251,129	86,586

The net assets of Yu Ming increased from approximately HK\$228.7 million as at 31 December 2016 to approximately HK\$251.1 million as at 31 December 2017 mainly due to increase in reserve as a result of net profit of approximately HK\$41.7 million was recorded in 2017, offsetting by the payment of cash dividend of HK\$20 million during the year.

The net assets of Yu Ming decreased from approximately HK\$251.1 million as at 31 December 2017 to approximately HK\$86.6 million as at 31 December 2018 mainly due to the net effect of payment of cash dividend of HK\$200 million and the net profit of approximately HK\$36.1 million recorded in 2018.

Highlights of statement of cash flows

	Year ended 31 December		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Operating profit before working capital changes	33,760	41,097	39,702
Net cash generated from operating activities	83,525	43,306	15,215
Net cash generated from investing activities	7,912	85,458	9,976
Net cash used in financing activities	–	(20,000)	(200,000)
Net increase/(decrease) in cash and cash equivalents	91,437	108,764	(174,809)
Cash and cash equivalents at the beginning of the year	57,545	148,982	257,746
Cash and cash equivalents at the end of the year	148,982	257,746	82,937

Yu Ming had cash and cash equivalents of approximately HK\$149.0 million, HK\$257.7 million and HK\$82.9 million as at 31 December 2016, 2017 and 2018 respectively. The increase in cash and cash equivalents for the year ended 31 December 2017 is mainly due to net cash generated from investing activities mainly resulting from proceeds from redemption of financial assets at fair value through other comprehensive income despite net cash used in financing activities as a result of payment of dividend. The decrease in cash and cash equivalents for the year ended 31 December 2018 is mainly due to the payment of dividend of HK\$200 million which offset the net cash generated from operating activities and investing activities. For details, please refer to the section headed “Financial Information of Yu Ming – Liquidity and Capital Resources” in this prospectus.

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Key financial ratios

	For the year ended/as at 31 December		
	2016	2017	2018
Net profit margin	58.5%	56.7%	60.6%
Return on equity	15.4%	16.6%	41.7%
Return on assets	13.5%	14.1%	32.3%
Current ratio	501.1%	617.8%	379.0%
Debtors' turnover days	45.7 days	49.0 days	57.1 days

Yu Ming's net profit margin was approximately 58.5%, 56.7% and 60.6% for the year ended 31 December 2016, 2017 and 2018 respectively. Net profit margin of approximately 56.7% for the year ended 31 December 2017 was similar to that of approximately 58.5% for the year ended 31 December 2016. Net profit margin increased from approximately 56.7% for the year ended 31 December 2017 to approximately 60.6% for the year ended 31 December 2018 mainly due to decrease in employee benefit expense, mainly attributable to decrease in discretionary bonuses in the year ended 31 December 2018.

Yu Ming's current ratio was approximately 501.1%, 617.8% and 379.0% as at 31 December 2016, 2017 and 2018 respectively. The current ratio as at 31 December 2017 increased to 617.8% from 501.1% as at 31 December 2016 mainly due to increase in current assets by approximately HK\$121.5 million resulting from reclassification of financial assets at fair value through other comprehensive income of approximately HK\$8.5 million from non-current assets to current assets and the proceeds from redemption of financial assets at fair value through other comprehensive income of approximately HK\$78.1 million which was classified as non-current assets in 2016. The current ratio as at 31 December 2018 decreased to 379.0% from 617.8% as at 31 December 2017 mainly due to the decrease in cash and cash equivalents of approximately HK\$174.8 million as a result of payment of dividend of HK\$200 million in 2018.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE OF YU MING

As at the Latest Practicable Date, there was no material change to the business model and operation of Yu Ming. Yu Ming continued to provide asset management service to SHK and corporate finance advisory service to its clients on both transaction basis and retainer basis.

The directors of Yu Ming confirm that there has been no material change in the financial or trading positions or outlook of Yu Ming since 31 December 2018 (being the date to which the latest audited financial statements of Yu Ming were made up as reported in "Appendix I-Accountants' Report on Yu Ming" of this prospectus) up to and including the Latest Practicable Date.

So far as the Proposed Directors are aware, there has been no material change in the general condition of the corporate finance advisory services and asset management services industry in which Yu Ming operates which has materially and adversely affected Yu Ming's results of operations or financial condition since 31 December 2018 and up to the date of this prospectus.

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After due and careful consideration, the Proposed Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial and trading position or prospects of Yu Ming since 31 December 2018, and there is no event since 31 December 2018 which would materially affect the information shown in Appendix I to this prospectus.

Subsequent to 31 December 2018 and up to 31 May 2019, Yu Ming handled 6 transactions as financial adviser, 2 transactions as independent financial adviser and acted as retainer financial adviser for 12 clients.

THE YM SUBSCRIPTION AND THE NEW PLACING

The Company entered into (i) the Ms. Chong's Subscription Agreement on 28 December 2018 with Ms. Chong for the allotment and issue to Ms. Chong of 512,698,586 Subscription Shares, representing approximately 45.0% of the enlarged shareholding in the Company upon completion of the Subscriptions and the Public Offer; and (ii) the YM Subscription Agreement on 28 December 2018 with Mr. Warren Lee and the Yu Ming Team for the allotment and issue to Mr. Warren Lee and the Yu Ming Team of 227,250,000 Subscription Shares and 57,500,000 Subscription Shares, representing approximately 19.9% and 5.0% of the enlarged shareholding in the Company upon completion of the Subscriptions and the Public Offer respectively.

As fall back for the lapse of Ms. Chong's Subscription Agreement, the Company entered into the New Placing Agreement with the Placing Agent for the placing of the 512,698,586 Subscription Shares not subscribed by Ms. Chong to not less than ten Independent Placees (which may include Ms. Chong) at the New Placing Price of HK\$0.52 per New Placing Share on a best efforts basis where none of the Independent Placees will become a substantial shareholder of the Company following completion of the YM Subscription, the Public Offer and the New Placing.

On 14 June 2019, the Company and Ms. Chong entered into a deed of termination to terminate the Ms. Chong's Subscription Agreement so as to expedite the completion of the transactions contemplated under the Proposed Restructuring. With the termination of the Ms. Chong Subscription Agreement, the Proposed Restructuring will be carried on with the New Placing and the YM Subscription.

THE PUBLIC OFFER AND THE PREFERENTIAL OFFERING

As part of the Proposed Restructuring, the Company proposes to raise in aggregate approximately HK\$125.7 million, before expenses, by way of the Public Offer of 241,705,083 Offer Shares, among which 150,264,780 Offer Shares are offered as Reserved Shares to the Qualifying Shareholders under the Preferential Offering and the remaining 91,440,303 Offer Shares are offered to the public at the Offer Price of HK\$0.52 per Offer Share. The 91,440,303 Offer Shares for initial offering to the public and the 150,264,780 Reserved Shares for offering to the Existing Shareholders represent approximately 8.1% and 13.2% of the issued share capital of the Company as enlarged by the allotment and issue of the YM Subscription Shares, the New Placing Shares and the Offer Shares respectively.

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TOTAL EXPENSES

The aggregate fees, together with the Stock Exchange listing fee, the placing and underwriting commission in relation to the YM Subscription, the New Placing and the Public Offer, SFC transaction levy, legal and other professional fees and printing and other expenses relating to the transactions under the Proposed Restructuring are estimated to be approximately HK\$52.3 million in aggregate and are payable by the Company. Among the estimated total transaction expenses, approximately HK\$5.2 million attributable to the YM Subscription, the New Placing and the Public Offer will be accounted for as deduction from the Company's equity account. The rest of approximately HK\$47.1 million are expected to be charged to the Company's profit or loss, of which HK\$30.6 million has been recognised in the Company's profit or loss up to the Latest Practicable Date and the remaining estimated expenses will be charged to the Company's profit or loss thereafter. The substantial portion of the estimated total transaction expenses is non-recurring in nature.

DIVIDEND

In January 2017, May 2017 and September 2018, Yu Ming proposed, approved and paid dividends of HK\$10,000,000, HK\$10,000,000 and HK\$200,000,000 in cash to the Vendor respectively. Yu Ming will before Acquisition Completion declare and pay dividend in cash and in form of distribution in specie of the investment assets held by it to the Vendor to the extent that the net asset value of Yu Ming shall not be less than HK\$10 million. It is therefore expected that Yu Ming will distribute all its investment assets to the Vendor before Acquisition Completion. As at 31 December 2018, the fair value of the investment assets held by Yu Ming mainly consisted of (i) listed debt securities of HK\$16.3 million; and (ii) listed equity securities of HK\$0.4 million.

The above dividend payments of Yu Ming were funded by its operating cash flow.

The Proposed Directors may or may not recommend a payment of dividend in future after taking into account various relevant factors including but not limited to the financial condition, capital requirements and earnings of the Enlarged Group, and subject to the Articles. However, the Company will still have outstanding accumulated losses of approximately HK\$137,526,000 upon Resumption, and will not be able to declare dividends until, among other things, all outstanding accumulated losses have been eliminated.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The table below sets out selected unaudited pro forma financial information of the Enlarged Group as at 31 December 2018. For more details, please refer to the section headed "Unaudited pro forma financial information of the Enlarged Group" set out in Appendix III to this prospectus.

	<i>HK\$'000</i>
Unaudited pro forma consolidated net tangible liabilities of the Group	<u>(951,078)</u>

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	<i>HK\$</i>
Unaudited pro forma consolidated net tangible liabilities of the Group per share	<u>(0.95)</u>
	<i>HK\$'000</i>
Unaudited pro forma adjusted consolidated net assets of the Enlarged Group	409,921
Less: Intangible assets	<u>(406,666)</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group	<u>3,255</u>
	<i>HK\$</i>
Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per share	<u>0.003</u>

FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

Immediately following Acquisition Completion, Yu Ming will become a wholly-owned subsidiary of the Company and the results of Yu Ming will be consolidated into the accounts of the Company. Assuming completion of the restructuring of the Company took place on 31 December 2018, the pro forma total assets and total liabilities of the Enlarged Group as at 31 December 2018 would have been approximately HK\$477,048,000 and HK\$67,127,000 respectively. Assuming completion of the restructuring of the Company took place on 1 July 2017, profit for the year ended 30 June 2018 of the Enlarged Group would be approximately HK\$840,860,000, which was primarily attributable to the gain on debt restructuring under the Creditors' Scheme. For details, please refer to the section headed "Unaudited pro forma financial information of the Enlarged Group" in Appendix III to this prospectus.