

EDICO Holdings Limited

鉅京控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8450



SHARE OFFER



Sole Sponsor



Giraffe Capital Limited

Sole Bookrunner and Joint Lead Manager



KOALA Securities Limited
樹熊證券有限公司

Joint Lead Manager

Yellow River Securities Limited

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

EDICO Holdings Limited

鉅京控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	250,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	:	25,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	225,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	Not more than HK\$0.24 per Offer Share and expected to be not less than HK\$0.20 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full upon application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock code	:	8450

Sole Sponsor



Giraffe Capital Limited

Sole Bookrunner and Joint Lead Manager



Joint Lead Manager

Yellow River Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus and the Application Forms, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Friday, 26 January 2018 or such later date as the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company may agree. The Offer Price will not be more than HK\$0.24 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.edico.com.hk. If the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or around the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately. In the case of such event, a notice will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.edico.com.hk.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws of the US and may not be offered, sold, pledged, or transferred within the US, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable US securities law.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Offer Shares should note that the obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Sole Bookrunner (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set forth in the paragraph headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus.

* For identification purpose only

23 January 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to higher market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.edico.com.hk.

Date (Note 1)

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from..... 9:00 a.m. on
Tuesday, 23 January 2018

Application lists of the Public Offer open (Note 2)..... 11:45 a.m. on
Friday, 26 January 2018

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and to give **electronic**
application instructions to HKSCC (Note 3). 12:00 noon on
Friday, 26 January 2018

Application lists of the Public Offer close (Note 2). 12:00 noon on
Friday, 26 January 2018

Expected Price Determination Date on or around (Note 4). Friday, 26 January 2018

Announcement of (i) the Offer Price; (ii) the level of
indications of interest in the Placing; (iii) the level of
applications in the Public Offer; (iv) the basis of allotment
of the Public Offer Shares; and (v) the number of Offer
Shares reallocated, if any, between the Public Offer
and the Placing to be published on the website of
our Company at www.edico.com.hk (Note 7) and
the website of the Stock Exchange at www.hkexnews.hk on Thursday, 1 February 2018

Results of allocation in the Public Offer will be available
at www.ewhiteform.com.hk/results with
a “search by ID” function from Thursday, 1 February 2018

Announcement of results of allotment of the Public Offer
(with successful applicants’ identification document numbers,
where applicable) to be available through a variety of channels
as described in the section headed “How to Apply for the
Public Offer Shares — 10. Publication of results”
in this prospectus from Thursday, 1 February 2018

EXPECTED TIMETABLE

Date (Note 1)

Despatch/collection of share certificates and/or

refunds cheques on or before (*Notes 4 to 10*) Thursday, 1 February 2018

Dealings in the Shares on GEM to commence at 9:00 a.m. on

Friday, 2 February 2018

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 26 January 2018, the application lists will not open or close on that day. Further information is set forth in the section headed “How to Apply for the Public Offer Shares — 9. Effect of bad weather on the opening of the application lists” in this prospectus.
3. Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for the Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
4. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 26 January 2018. If, for any reason, the Offer Price is not agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or around Friday, 26 January 2018, the Share Offer will not become unconditional and will lapse immediately. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK\$0.24 per Offer Share, applicants must pay the maximum Offer Price of HK\$0.24 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but the surplus application monies will be refunded, without interest, as provided in the section headed “How to Apply for the Public Offer Shares” in this prospectus.
5. Share certificates for the Offer Shares are expected to be issued on Thursday, 1 February 2018 but will only become valid certificates of title at 8:00 a.m. on Friday, 2 February 2018 provided that (i) the Share Offer has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated. If the Public Offer does not become unconditional or either of the Underwriting Agreements is terminated, we will make an announcement as soon as possible.
6. Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.
7. None of our Company’s website or any of the information contained in our Company’s website forms part of this prospectus.

EXPECTED TIMETABLE

8. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) and provide all information required may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, from 9:00 a.m. to 1:00 p.m. on Thursday, 1 February 2018 or any other day as announced by us as the date of despatch of Share certificates/refund cheques. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.
9. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms and provide all information required may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
10. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for the Public Offer Shares — 13. Despatch/collection of share certificates and refund monies" of this prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sole Sponsor, the Sole Bookrunner, the Underwriters and any of their respective directors, advisers, officers, employees, agents or representatives or any other persons or party involved in the Share Offer have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer. The contents of our Company's website www.edico.com.hk do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of 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 in companies listed on GEM. Some of the particular risks relating to investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that particular section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary” in this prospectus.

BUSINESS OVERVIEW

We are principally engaged in the business of providing 24-hour integrated printing services for customers mainly in the financial and capital markets in Hong Kong. We offer a range of integrated services to our customers, including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. As part of our integrated services to serve the different needs for our customers, we also provide ancillary services such as the provision of conference room facilities, which is frequently used by our customers in the preparation of their applications for listing on the Stock Exchange. During the Track Record Period, our customers are mostly companies listed or which were/are applying to be listed on the Stock Exchange and accordingly we mainly provide services for the handling of documents derived from the requirements of the Listing Rules and the GEM Listing Rules.

During the Track Record Period, we mainly handled four categories of documents, including (i) listing-related documents which mainly refers to prospectuses and relevant announcements; (ii) periodical reporting documents that companies listed on the Stock Exchange are required to publish in accordance to the Listing Rules and the GEM Listing Rules; (iii) compliance documents such as announcements and circulars; and (iv) other miscellaneous and marketing collaterals including corporate brochures and calendars. Set out below is the revenue attributable to each category of documents we handle during the Track Record Period:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Listing-related documents	21,506	32.9	26,862	35.0	42,137	50.1
Periodical reporting documents	23,614	36.2	26,323	34.3	24,577	29.2
Compliance documents	15,219	23.3	18,325	23.9	15,613	18.6
Miscellaneous and marketing collaterals (Note)	4,990	7.6	5,215	6.8	1,828	2.1
	<u>65,329</u>	<u>100</u>	<u>76,725</u>	<u>100</u>	<u>84,155</u>	<u>100</u>

Note: Miscellaneous and marketing collaterals mainly include corporate brochures, leaflets, calendars and other marketing materials.

SUMMARY

The table below sets out the breakdown of our gross profit and gross profit margin by the type of documents we handle during the Track Record Period:

	Year ended 30 September					
	2015		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Listing-related documents	13,993	65.1	17,982	66.9	26,715	63.4
Periodical reporting documents	10,733	45.5	12,369	47.0	11,795	48.0
Compliance documents	8,560	56.3	10,399	56.7	9,344	59.8
Miscellaneous and marketing collaterals (<i>Note</i>)	2,974	59.6	2,005	38.4	1,037	56.7
Total	<u>36,260</u>	<u>55.5</u>	<u>42,755</u>	<u>55.7</u>	<u>48,891</u>	<u>58.1</u>

Note: Miscellaneous and marketing collaterals mainly include corporate brochures, leaflets, calendars and other marketing materials.

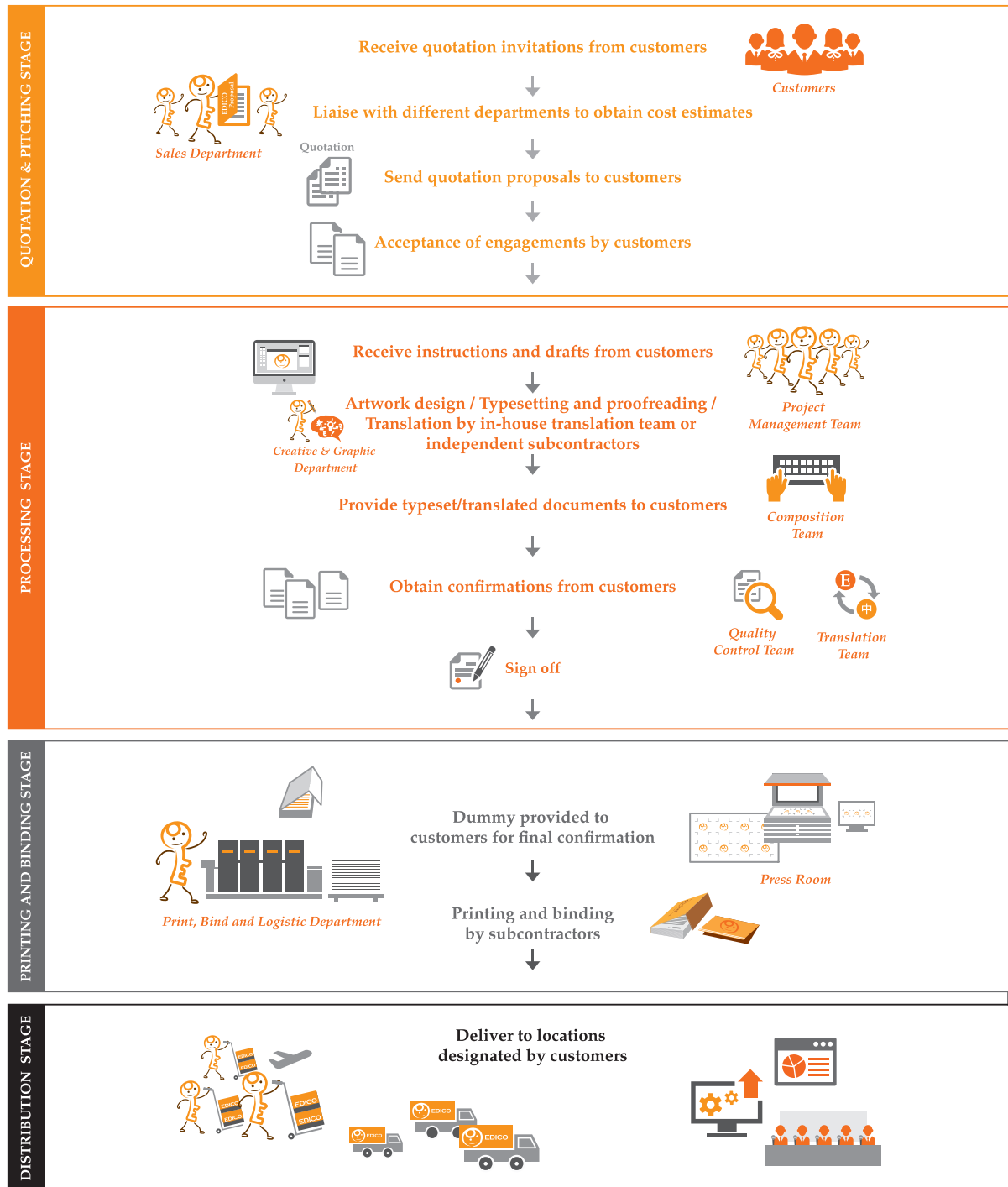
Our overall gross profit margin remained relatively stable at approximately 55.5%, 55.7% and 58.1% for the three years ended 30 September 2017.

Our Group is one of the major financial printing service providers in Hong Kong. According to the Ipsos Report, our Group ranked 9th in the financial printing services industry in terms of revenue in 2016 with a market share of approximately 4.2%.

SUMMARY

Business Model

Our business model can be summarised in the following flow diagram:



SUMMARY

Our Customers

Our customers can be broadly categorised into: (i) companies applying for a listing on the Stock Exchange; (ii) listed companies on the Stock Exchange; and (iii) other private companies and governmental bodies. Set out below is a breakdown of our customers and the revenue attributable to each category during the Track Record Period:

	Year ended 30 September								
	2015			2016			2017		
	Number of customers (Note 2)	Revenue HK\$'000	%	Number of customers (Note 2)	Revenue HK\$'000	%	Number of customers (Note 2)	Revenue HK\$'000	%
IPO applicants	27	21,506	32.9	36	26,862	35.0	49	42,137	50.1
Listed companies	129	39,868	61.0	136	44,387	57.9	134	38,709	46.0
Others (Note 1)	55	3,955	6.1	38	5,476	7.1	32	3,309	3.9
	<u>204</u>	<u>65,329</u>	<u>100</u>	<u>207</u>	<u>76,725</u>	<u>100</u>	<u>203</u>	<u>84,155</u>	<u>100</u>

Note 1: Others include private companies and governmental bodies.

Note 2: During the years ended 30 September 2015, 2016 and 2017, seven, three and 11 of our customers that were applying to be listed on the Stock Exchange became listed further engaged us for handling of their periodical reporting documents or compliance documents. Accordingly, they were categorised as both IPO applicants and listed companies during the respective periods. The revenue derived from such customers attributable to their IPO projects and post-IPO projects have been categorised accordingly, and together amounted to approximately HK\$16.3 million, HK\$5.6 million and HK\$25.2 million respectively for the three years ended 30 September 2017, respectively. During the year ended 30 September 2017, one customer engaged us for a translation project when it was a non-listed company, and later engaged us as an IPO applicant. Accordingly, it was categorised as both IPO applicant and other during the year ended 30 September 2017.

For the three years ended 30 September 2017, our revenue attributable to IPO applicants amounted to approximately HK\$21.5 million, HK\$26.9 million and HK\$42.1 million respectively, representing approximately 32.9%, 35.0% and 50.1% of our total revenue for the same period respectively.

We maintain our business by approaching new customers and maintaining stable business relationships with existing customers. For the three years ended 30 September 2017, we had 90, 80 and 75 new customers respectively. During the same periods, we had 114, 127 and 128 recurring customers respectively.

For the three years ended 30 September 2017, our revenue attributable to our top five customers amounted to approximately 24.2%, 22.5% and 20.9% of our total revenue respectively. We do not over-rely on any major customer. All of our top five customers during the Track Record Period are Independent Third Parties.

Our average trade receivables turnover days for the three years ended 30 September 2017 were 114 days, 112 days and 91 days respectively. Our average trade receivables turnover days during the Track Record Period were higher than the credit terms of generally 45–60 days we offered to our customers mainly due to some of our customers who exhibited a slower payment trend as they generally settled the invoices according to their internal settlement policies.

SUMMARY

We determine our prices for our services on a project-by-project basis. For our listing-related documents, periodical reporting documents, and some miscellaneous and marketing collaterals, we provide quotations individually. For our compliance documents, we usually ascertain the final price in the invoices after completion of the respective projects. When we determine the prices of our services, we consider a number of factors, including our price competitiveness, services to be provided, turnaround speed, and special requirements from our customers. Our pricing policy is generally on cost plus basis. We are generally engaged by our customers on a project-by-project basis, with the services we provide, the specifications of documents to be handled and prices stated in our standard form agreement or the quotations we provide (as the case may be). Our customers may request for alterations of specifications of documents or order additional services such as overtime services and food and beverages services. For the details of our pricing policy, please refer to paragraph headed “Pricing Policy” under the section headed “Business”.

During the Track Record Period, the average price per project for each type of documents we handled are set out below:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Listing-related documents	797	746	860
Periodical reporting documents	114	118	112
Compliance documents	7	8	8
Miscellaneous and marketing collaterals	35	36	25

For further details, please refer to paragraph headed “Our Customers” under the section headed “Business” of this prospectus.

Seasonality

We experience seasonal fluctuations in demand for our services and products. We generally experience higher demands for our services in March, April, August and September due to our customers’ needs to publish their periodical reporting documents pursuant to the timing requirement of the Listing Rules and the GEM Listing Rules. Accordingly, our financial performance during March, April, August and September, being the peak seasons, may be better than the other periods and may not accurately indicate our overall performance of the entire year. We have taken measures to maintain our performance throughout the entire year, such as maintaining sufficient manpower during peak seasons by rescheduling the rosters of our staff.

Our Suppliers

Our suppliers are our subcontractors. During the Track Record Period, we subcontracted some of our translation works to independent translation companies and all of our printing and binding works to independent printing factories.

SUMMARY

Our subcontractors are engaged on a project-by-project basis. During the Track Record Period, we did not enter into any long-term or exclusive cooperation agreement with any subcontractor. We believe that this subcontracting arrangement is in line with the common practice within the financial printing industry.

For the three years ended 30 September 2017, we engaged 12, 15 and 12 translation subcontractors respectively and accordingly incurred approximately HK\$4.7 million, HK\$6.0 million and HK\$9.8 million of translation subcontracting costs respectively, representing approximately 16.3%, 17.8% and 27.7% of our total cost of services respectively.

For the three years ended 30 September 2017, the costs incurred for engaging printing subcontractors are approximately HK\$10.9 million, HK\$11.7 million and HK\$10.5 million respectively, representing approximately 37.4%, 34.6% and 29.9% of our total cost of services respectively.

For further details, please refer to paragraph headed “Our Suppliers” under the section “Business” in this prospectus.

COMPETITIVE STRENGTHS

We consider that the following strengths have contributed our business growth:

- we have a stable, experienced and capable management team;
- we provide a wide range of services;
- we provide premium design services;
- we provide in-house translation services;
- we have established long and stable relationships with our subcontractors; and
- we have a centralised information management system and facilities.

BUSINESS STRATEGIES

We intend to pursue the following business strategies:

- upgrading our Central Office and setting up the New Office;
- expanding our workforce; and
- upgrading and acquiring equipment and software.

SUMMARY

FINANCIAL INFORMATION

The following table summarise certain major items of the combined financial information of our Group during the Track Record Period:

Highlights of the combined statements of profit or loss or other comprehensive income

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Revenue	65,329	76,725	84,155
Cost of services	(29,069)	(33,970)	(35,264)
Gross profit	36,260	42,755	48,891
Gross profit margin	55.5%	55.7%	58.1%
Profit/(loss) before tax	12,801	13,443	13,566
Profit/(loss) for the year	10,633	10,754	10,216
Net profit margin	16.3%	14.0%	12.1%

For the three years ended 30 September 2017, our revenue was approximately HK\$65.3 million, HK\$76.7 million and HK\$84.2 million respectively. For the three years ended 30 September 2017, we generated net profit of approximately HK\$10.6 million, HK\$10.8 million and HK\$10.2 million respectively. For the years ended 30 September 2015 and 2016, the percentage of revenue generated from each type of documents we handled to our total revenue were relatively stable. The percentage of revenue generated from listing-related documents of our total revenue increased from 35.0% for the year ended 30 September 2016 to 50.1% for the year ended 30 September 2017 mainly due to the increase in number of customers successfully listed on the Stock Exchange.

Our cost of services mainly represents (i) our subcontractor costs which comprise translation costs and printing costs; and (ii) our direct labour costs; (iii) our in-house translation costs; (iv) our design costs; (v) food and beverages costs; (vi) advertising costs; and (vii) other costs such as photocopiers rental and stock photo purchasing. For the years ended 30 September 2015, 2016 and 2017, our cost of services amounted to approximately HK\$29.1 million, HK\$34.0 million and HK\$35.3 million respectively.

Highlights of the combined statements of financial position

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	772	648	555
Current assets	45,635	51,784	54,791
Current liabilities	23,567	18,838	16,536
Net current assets	22,068	32,946	38,255
Net assets	22,840	33,594	38,810

SUMMARY

Our current assets are composed of (i) amounts due from customers on service contracts; (ii) trade receivables; (iii) prepayments, deposits and other receivables; and (iv) cash and cash equivalents. As at 30 September 2015, 2016 and 2017, our current assets were approximately HK\$45.6 million, HK\$51.8 million and HK\$54.8 million respectively.

Combined statements of cash flow

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents at the beginning of the year	12,701	11,267	23,379
Operating cash flow before movements in working capital	13,693	14,921	15,528
Net cash (used in)/generated from operating activities	(1,178)	12,282	883
Net cash used in investing activities	(256)	(170)	(171)
Net cash used in financing activities	—	—	(5,000)
Net (decrease)/increase in cash and cash equivalents	(1,434)	12,112	(4,288)
Cash and cash equivalents at the end of the year	11,267	23,379	19,091

During the Track Record Period, we mainly generated our cash inflow from the provision of our integrated financial printing services including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. Our cash flow used in operating activities was primarily for the (i) payment of our trade payables including fees to our translation and printing subcontractors; and (ii) payment of other payables and accruals including commissions paid to our sales representatives.

For the year ended 30 September 2015, we recorded net cash used in operating activities of approximately HK\$1.2 million, mainly due to, among others, (i) our profit before tax of approximately HK\$12.8 million; (ii) increase in trade receivables of approximately HK\$17.4 million mainly due to some of our customers' slow payment practice and certain outstanding bills for listing documents with higher receivables near the end of September 2015; (iii) decrease in amounts due from our customers on service contracts of approximately HK\$2.0 million mainly due to completion of certain projects and the amount was transferred to trade receivables after issuance of invoices; and (iv) increase in trade payables of approximately HK\$1.6 million mainly due to costs derived from the completion of the abovementioned projects.

For the year ended 30 September 2017, we recorded net cash generated from operating activities of approximately HK\$0.9 million, mainly due to, among others, (i) our profit before tax of approximately HK\$13.6 million; (ii) adjustment of provision for impairment of trade receivables of approximately HK\$1.7 million as a result of settlement at a sum lower than the billed amount after negotiation with such customer or our management team's belief that we would not be able to recover such trade receivables from the respective customers; (iii) decrease in amounts due from customers on service contracts of approximately HK\$0.1 million mainly due to completion of a number of IPO projects; (iv) increase in trade payables of approximately HK\$0.3 million mainly due to costs derived from the completion of a number of IPO projects; (v) increase in trade receivables of approximately HK\$7.7 million mainly due to certain outstanding bills for IPO projects completed in the third quarter of 2017; (vi) increase in other payables and accruals of approximately HK\$1.8 million mainly due to increase in accruals for staff costs payable and Listing expense payable; (vii) decrease in amount due to Controlling Shareholder of approximately HK\$5.0 million; and (viii) income tax paid of approximately HK\$3.1 million.

SUMMARY

ANALYSIS OF KEY FINANCIAL RATIOS

	Year ended 30 September		
	2015	2016	2017
Current ratio ⁽¹⁾	1.9 times	2.8 times	3.3 times
Gearing ratio ⁽²⁾	40.6%	14.9%	0%
Net debt to equity ratio ⁽¹⁾	Net cash position	Net cash position	Net cash position
Interest coverage ratio ⁽¹⁾	N/A	N/A	N/A
Return on total assets ⁽¹⁾	22.9%	20.5%	18.5%
Return on equity ⁽¹⁾	46.6%	32.0%	26.3%
Gross profit margin ⁽¹⁾	55.5%	55.7%	58.1%
Net profit margin ⁽¹⁾	16.3%	14.0%	12.1%

Notes:

1. For the basis of calculation of the relevant ratios, please refer to the paragraph headed “Analysis of Key Financial Ratios” in the section headed “Financial Information” of this prospectus.
2. Gearing ratio is calculated based on total borrowings divided by total equity as at the respective period end and multiplied by 100%.

The current ratio increased from approximately 1.9 times as at 30 September 2015 to approximately 2.8 times as at 30 September 2016, which was mainly attributable to the settlement of our trade receivables by our customers as a result of our proactive efforts to recover trade receivables and payment of approximately HK\$4.3 million to partially settle the balance due to our Controlling Shareholder. Our current ratio then increased to approximately 3.3 times as at 30 September 2017, mainly due to payment of approximately HK\$5.0 million to settle the balance due to our Controlling Shareholder.

Gearing ratio decreased from approximately 40.6% as at 30 September 2015 to approximately 14.9% as at 30 September 2016, which was mainly attributable to decrease in the balance due to our Controlling Shareholder by approximately HK\$4.3 million to HK\$5.0 million whilst the total equity increased resulting from an increase in profit for the year. Our gearing ratio as at 30 September 2017 was 0% as we did not have any outstanding debt.

SUMMARY

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Company will be owned as to 75% by Achiever Choice, which is an investment holding company wholly-owned by Mr. Chan. Accordingly, Achiever Choice and Mr. Chan will be regarded as our Controlling Shareholders. For further details, please refer to the section “Relationship with our Controlling Shareholders” of this prospectus.

Apart from satisfying the lock-up requirements under the GEM Listing Rules, each of our Controlling Shareholders has voluntarily undertaken to our Company that, except pursuant to the Share Offer, the Capitalisation Issue and the exercise of the options that may be granted under the Share Option Scheme, it or he shall not, at any time during the thirty six months from the expiry of the second six-month period lock up under the GEM Listing Rules, dispose of any of the Shares, if immediately following such disposal they would cease to be controlling shareholders (as defined in the GEM Listing Rules) of our Company on a collective basis. Such voluntary lock-up undertaking is irrevocable and may not be waived by the Company.

LISTING EXPENSES

Our estimate expenses for the Listing represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Share Offer and the Listing. Assuming an Offer Price of HK\$0.22 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Offer Size Adjustment Option is not exercised, our total listing expenses is estimated to be approximately HK\$22.8 million, of which HK\$6.6 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity. The remaining amount of HK\$16.2 million has been or will be reflected in our combined statements of profit or loss and other comprehensive income, of which approximately HK\$2.9 million and HK\$6.8 million had been charged to our profit and loss account for the year ended 30 September 2016 and for the year ended 30 September 2017 respectively, and the remaining amount of approximately HK\$6.5 million is expected to be recognised in our combined statements of profit or loss and other comprehensive income for the year ending 30 September 2018. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

DIVIDEND

None of the subsidiaries of the Group declared dividend to its then shareholders during the three years ended 30 September 2017 save that on 31 October 2016, a subsidiary of the Company declared dividend to Mr. Chan amounting to HK\$5.0 million. As at the Latest Practicable Date, such dividend had been fully settled to Mr. Chan in cash from internal resources of such subsidiary.

We currently do not have any plans to distribute regular dividends immediately after the Listing. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Group does not have any dividend policy. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time.

SUMMARY

For further details, please refer to the paragraph headed “Dividend” under the section “Financial Information” in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Share Offer to our Company (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer, and assuming an Offer Price of HK\$0.22 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.20 to HK\$0.24 and the Offer Size Adjustment Option is not exercised) are estimated to be approximately HK\$32.2 million. We intend to apply the net proceeds during the period from the Latest Practicable Date to 31 March 2020 in such manners as in the table below:

	Use of Proceeds								From internal resources ((a-b), except for general working capital) HK\$ million
	Total amount required for implementing the plans (a) HK\$ million	From the Latest Practicable Date to 31 March 2018 HK\$ million	For the six months ending				Total (b) HK\$ million	Approximate % of net proceeds	
			30 September 2018	31 March 2019	30 September 2019	31 March 2020			
			HK\$ million	HK\$ million	HK\$ million	HK\$ million			
Upgrading our Central Office and setting up New Office	18.6	2.5	5.6	2.5	2.5	2.5	15.6	48.4%	3.0
Expanding our workforce	10.0	0.9	1.5	2.0	2.0	2.0	8.4	26.0%	1.6
Upgrading and acquiring equipment and software	6.0	1.8	1.8	1.1	0.3	—	5.0	15.6%	1.0
General working capital <i>(Note)</i>	—	3.2	—	—	—	—	3.2	10.0%	—
Total	34.6	8.4	8.9	5.6	4.8	4.5	32.2	100%	5.6

Note: The general working capital does not constitute part of the total amount required for the Group’s implementation plan.

For further details of the use of proceeds, please refer to the paragraph headed “Use of Proceeds” in the section “Future Plans and Use of Proceeds” in this prospectus.

RISK FACTORS

We believe that there are certain risks involved in our operations which beyond our control. They can be broadly categorised into (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Share Offer. We consider that the followings are some of the major risks that may have a material adverse effect on us:

- Our Group generally do not enter into long-term agreements with our customers and may not be able to retain existing customers or secure new customers;
- Our Group may not be able to maintain or increase our level of growth as experienced in the Track Record Period;
- We engage our subcontractors on a project-by-project basis for some of our translation works and all of our printing works to our subcontractors and their failure to meet our requirements may affect the quality of our services; and

SUMMARY

- The net profit and net profit margin of the Group may be negatively affected by the increase of additional operating costs resulting from the implementation of our future plans. It is estimated that the additional operating costs, including depreciation, staff cost and rental expenses, as a result of the Group's implementation of future plans will be HK\$12.2 million and HK\$12.9 million for the two years ending 30 September 2020 respectively. In addition, if the implementation of our future plans does not generate additional revenue as we expect, there would be an adverse impact on the Group's gross profit and gross profit margin. The implementation of our future plans may not effectively maintain our market position and expand our market share.

For details, please refer to the section "Risk Factors" in this prospectus.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on providing financial printing services with our business model remains unchanged.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had completed 579 projects which had generated approximately HK\$24.5 million, including eight IPO projects with a revenue contribution of HK\$16.2 million, and the said revenue amounts have been reviewed by our Company's reporting accountants, Martin C. K. Pong & Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. As at the Latest Practicable Date, we had 176 projects on hand with an aggregate contract sum of approximately HK\$23.7 million, out of which we expect to recognise approximately HK\$18.3 million as revenue for the year ending 30 September 2018 respectively.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading positions or prospects of our Company or its subsidiaries since 30 September 2017 (being the date of which our Group's latest audited combined financial statements were made up as set out in the Accountants' Report in Appendix I to this prospectus) and there had been no event since 30 September 2017 which would materially affect the information shown in the accountants' report in Appendix I to this prospectus.

OFFER STATISTICS

	Based on the minimum indicative Offer Price of HK\$0.20 per Share	Based on the minimum indicative Offer Price of HK\$0.24 per Share
Market capitalisation of our Shares (<i>Note 1</i>)	HK\$200 million	HK\$240 million
Unaudited pro forma adjusted combined net tangible assets of our Group per Share (<i>Note 2</i>)	0.07	0.08

Notes:

1. The calculation of the market capitalisation of the Shares is based on 1,000,000,000 Shares in issue immediately after the completion of the Share Offer and Capitalisation Issue.
2. The unaudited pro forma adjusted combined net tangible assets per Share is determined after the adjustments as described to certain estimation and adjustment. Please refer to Appendix II — "Unaudited Pro Forma Financial Information" to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are explained in the section headed “Glossary” in this prospectus.

“Achiever Choice”	Achiever Choice Limited, a company incorporated in the BVI with limited liability on 18 April 2016 and wholly-owned by Mr. Chan, one of our Controlling Shareholders
“Affiliate(s)”	any person(s), directly or indirectly, controlling, controlled by or under direct or indirect common control with another person(s)
“Aristo Securities”	Aristo Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) regulated activity, one of the Co-Lead Managers
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on 16 January 2018 to take effect on the Listing Date, a summary of which is set forth in Appendix III to this prospectus, as supplemented, amended or otherwise from time to time
“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s) or, where the context so requires, any of them
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong, and excluding any day on which a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled or lowered at or before 12:00 noon
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate

DEFINITIONS

“Capitalisation Issue”	the issue of 749,999,900 Shares to be made upon capitalisation of a sum of HK\$7,499,999 standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 16 January 2018” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practises, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Central Office”	our existing primary office premises located at 8/F, Wheelock House, 20 Pedder Street, Central, Hong Kong
“Chairman”	the chairman of the Board of our Company, Mr. Chan and who was appointed on 22 June 2017
“Chief Executive Officer”	the chief executive officer of our Company, Mrs. Donati and who was appointed on 30 June 2017
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“Co-Lead Managers”	Aristo Securities, Ruibang Securities and Supreme China Securities
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in force with effect from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”	EDICO Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 20 May 2016, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules, and in the context of this prospectus only, namely Achiever Choice and Mr. Chan
“Deed of Indemnity”	a deed of indemnity dated 16 January 2018 executed by our Controlling Shareholders as indemnifiers in favour of our Company (for itself and as trustee for our subsidiaries), particulars of which are summarised in the paragraph headed “E. Other Information — 1. Estate duty, tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	a deed of non-competition dated 16 January 2018 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee of our subsidiaries), particulars of which are summarised in the paragraph headed “Deed of Non-Competition” in the section headed “Relationship with our Controlling Shareholders” of this prospectus
“Director(s)” or “our Directors”	the director(s) of our Company
“EDICO”	EDICO Financial Press Services Limited (鉅京財經印刷服務有限公司), a company incorporated in Hong Kong with limited liability on 9 October 2009, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation

DEFINITIONS

“Former Shareholder”	a former shareholder of EDICO in between January 2010 and February 2011, who is an Independent Third Party
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”, “our Group”, “we”, “our” or “us”	our Company together with our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at that time
“High Data”	High Data Limited, a company incorporated in BVI with limited liability on 18 September 2009, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“High Strength”	High Strength Limited, a company incorporated in BVI with limited liability on 19 August 2009, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“HK\$”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Branch Share Registrar”	Boardroom Share Registrars (HK) Limited
“Huge Alliance”	Huge Alliance Limited, a company incorporated in Hong Kong with limited liability on 22 October 2009, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the GEM Listing Rules) with any Directors, chief executive or substantial shareholders (within the meaning of the GEM Listing Rules), of our Company, its subsidiaries or any of their respective associates
“Ipsos”	Ipsos Limited, an independent industry expert engaged by us
“Ipsos Report”	the industry report prepared by Ipsos commissioned by our Company
“Joint Lead Managers”	Koala Securities and Yellow River Securities
“Koala Securities” or “Sole Bookrunner”	Koala Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, the Sole Bookrunner and one of the Joint Lead Managers
“Kowloon Office”	our existing secondary office premises located at Unit 901, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong
“Latest Practicable Date”	15 January 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on GEM
“Listing Date”	the date on which dealings of the Shares on GEM first commence, which is expected to be Friday, 2 February 2018
“Listing Division”	the listing division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time

DEFINITIONS

“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM and which, for avoidance of doubt, excludes GEM
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company adopted and became effective on 16 January 2018, a summary of which is set out in the paragraph headed “Memorandum of Association” in Appendix III to this prospectus, as amended from time to time
“Mr. Chan”	Mr. Chan Tsang Tieh (陳增鈺), our executive Director, our Chairman and one of our Controlling Shareholders
“Mr. Kwok”	Mr. Kwok Siu Man (郭兆文), one of our joint company secretaries
“Mrs. Donati”	Mrs. Donati Chan Yi Mei Amy (陳綺媚), our executive Director and our Chief Executive Officer
“Ms. Cheng”	Ms. Cheng Kwai Yee (鄭桂儀), one of our joint company secretaries
“New Office”	the new office premises of about 4,000 to 5,000 square feet in Central and Western District, Hong Kong that we intend to rent upon the expiration of the tenancy agreement of our Kowloon Office in August 2018
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) which will be not more than HK\$0.24 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be determined as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Offer Shares”	collectively, the Placing Shares and Public Offer Shares

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“Offer Size Adjustment Option”	the option to be granted by our Company to the Placing Underwriters, exercisable by the Sole Bookrunner on behalf of the Placing Underwriters, under the Placing Underwriting Agreement to require our Company to issue up to an additional 37,500,000 new Shares, representing 15% of the number of the Offer Shares, at the Offer Price to cover over-allocation in the Placing, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“ORTUS”	ORTUS Solutions Limited (鉅昇服務有限公司), a company incorporated in Hong Kong with limited liability on 18 May 2011, and an indirect wholly-owned subsidiary of our Company upon the completion of the Reorganisation
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company for cash at the Offer Price with selected professional, institutional and/or other investors in Hong Kong as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 225,000,000 Shares initially being offered by our Company pursuant to the Placing, subject to the reallocation and Offer Size Adjustment Option as mentioned in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional placing underwriting agreement relating to the Placing to be entered into among our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting — Underwriting arrangements and expenses” in this prospectus
“Price Determination Agreement”	the agreement expected to be entered into by the Sole Bookrunner (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price

DEFINITIONS

“Price Determination Date”	the date on which the Offer Price is to be fixed, which is expected to be on or about Friday, 26 January 2018
“Public Offer”	the issue and offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Shares”	the 25,000,000 new Shares (subject to reallocation) initially being offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer” in this Prospectus
“Public Offer Underwriter”	the underwriter of the Public Offer Shares whose name is set out in the section headed “Underwriting — The Public Offer Underwriter” in this prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement relating to the Public Offer entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriter on or around Monday, 22 January 2018, details of which are set forth in the section headed “Underwriting” in this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in this prospectus
“Repurchase Mandate”	the general mandate to repurchase Shares given to our Directors by our Shareholder, particulars of which are summarised in the paragraph headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 16 January 2018” in Appendix IV to this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Ruibang Securities”	Ruibang Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) regulated activity, one of the Co-Lead Managers

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company
“Share Offer”	collectively, the Placing and the Public Offer
“Share Option(s)”	option(s) which may be granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme of our Company conditionally adopted on 16 January 2018, principal terms of which are summarised in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Sponsor” or “Giraffe Capital”	Giraffe Capital Limited, a licensed corporation under the SFO to carry on type 6 (advising on corporate finance) regulated activity, acting as the sponsor to our Company’s application for the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“Supreme China Securities”	Supreme China Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) regulated activity, one of the Co-Lead Managers
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“TOD”	TOD Translation Services Limited (拓譯翻譯服務有限公司), a company incorporated in Hong Kong with limited liability on 10 June 2011, and an indirect wholly-owned subsidiary of our Company upon the completion of the Reorganisation

DEFINITIONS

“Top Achiever”	Top Achiever Global Limited, a company incorporated in BVI with limited liability on 1 April 2016, and a direct wholly-owned subsidiary of our Company and intermediate holding company of our Group upon completion of the Reorganisation
“Track Record Period”	the period comprising the three years ended 30 September 2017
“Underwriter(s)”	collectively, the Public Offer Underwriter and the Placing Underwriters
“Underwriting Agreements”	collectively, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US dollar(s)” or “US\$”	United States dollar(s), the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“Yellow River Securities”	Yellow River Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) regulated activity, one of the Joint Lead Managers
“%”	per cent.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, the terms “connected person”, “core connected person”, “connected transaction”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires.

[#] *denotes the English translation of the name of a Chinese company or entity and is provided for identification purpose only*

GLOSSARY

This glossary contains explanation of certain terms used in this prospectus in connection with our Company and our business. The terminologies and their given meanings may not correspond to the standard meanings or usage of such terms adopted in the industry.

“EIZO computer monitor”	a computer monitor branded “EIZO” for displaying accurate colour of digital proof
“eSS”	e-Submission System, the internet-based information submission and dissemination system established and operated by Hong Kong Exchanges and Clearing Limited, which may be used by listed issuers and/or their representatives, to among others, transmit information, communication or other materials to Hong Kong Exchanges and Clearing Limited for the purpose of publication on the Stock Exchange’s Website
“e-Submission”	submission through the eSS
“financial printing”	the printing and derivative services provided generally for the handling of documents in relation to requirements under the Listing Rules and the GEM Listing Rules
“IPO(s)”	initial public offering(s)
“IT”	information technology
“JUST Normlicht Colour Proof Station”	a work station branded “JUST Normlicht” for facilitating the visual inspection of printed products
“Mixed Media Offer”	an offer process where an issuer distributes paper application forms for public offers of certain securities without being accompanied by paper listing documents so long as the issuer complies with the conditions in a class exemption under section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong)
“Press Room”	a room in our Central Office where our in-house JUST Normlicht Colour Proof Station and EIZO computer monitor are stationed and where we could perform e-Submission with the presence of our customers
“Prodo”	a centralised information management system developed by our Company for project management and customer relationship management
“typesetting”	composing text and/or images into digit format as appropriate for the document user

FORWARD-LOOKING STATEMENTS

Our Company has included in this prospectus forward-looking statements that are not historical facts, but relate to our Group's intentions, beliefs, expectations or predictions for future event and conditions which may not occur. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", and "Financial Information", which are, by their nature, subject to risks and uncertainties.

In some cases, you can identify these forward-looking statements by words such as "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "intend", "may", "might", "plan", "predict", "project", "seek", "should", "will", "would" or similar expressions or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of our Group's business;
- our Group's operation and business prospects;
- our Group's dividend distribution plan;
- our Group's financial conditions;
- the regulatory environment of our Group's industry in general;
- the future development and trends in our Group's industry;
- risks identified under the section headed "Risk Factors" in this prospectus; and
- other factors beyond our control.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

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

Additional factors that could cause actual performance or achievements to differ materially include, without limitation, those discussed under the section headed "Risk Factors" in this prospectus.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our Group's control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

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

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the material risks and uncertainties described below before making any investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that all of our operations are governed by a legal and regulatory environment that in some respects differs from that prevailing in other countries. Our business, financial condition or results of operations could be materially and adversely affected by any of these material risks and uncertainties. The trading price of our Shares could decline due to any of these material risks and uncertainties and you may lose all or part of your investment as a result.

RISKS RELATING TO OUR BUSINESS

We generally do not enter into long-term agreements with our customers and may not be able to retain existing customers or secure new customers

We provide services to our customers on a project-by-project basis and generally do not enter into long-term agreements with them. Accordingly, the volume of work our customers engage us may vary and they have no obligation to re-engage us in future projects. We cannot guarantee that we will be successful in retaining sufficient number of customers to maintain our existing financial performance. Our success in retaining existing customers and attracting new customers depends on a number of factors, including the quality of our services, our marketing strategies, the market demand for our services, and the competition in the industry, some of which are not under our control. Accordingly, we may not be able to retain our existing customers or secure new customers and therefore lead to unfavourable fluctuations in our operations and financial performance.

We may not be able to maintain or increase our level of growth as experienced in the Track Record Period

We have experienced growth during the Track Record Period. Our revenue increased by approximately HK\$11.4 million or 17.5% from approximately HK\$65.3 million for the year ended 30 September 2015 to approximately HK\$76.7 million for the year ended 30 September 2016 and increased by approximately HK\$7.5 million to approximately HK\$84.2 million for the year ended 30 September 2017. However, our financial growth may be adversely affected by risks and uncertainties described in this prospectus. In particular, our financial performance depends on the financial market in Hong Kong, which changes are not under our control. We may not be able to implement the necessary business plans, allocate our staff, and arrange the adequate resources to maintain our growth.

RISK FACTORS

We engage our subcontractors on a project-by-project basis for some of our translation works and all of our printing works and their failure to meet our requirements may affect the quality of our services

During the Track Record Period, we subcontracted some of our translation works and all of our printing works to independent subcontractors. For the three years ended 30 September 2017, we engaged 12, 15 and 12 translation subcontractors, and nine, ten and eight printing subcontractors respectively. We intend to continue operating our business under the current business model upon the Listing and will continue to subcontract some of our translation works and all of our printing works to our subcontractors.

We engage our subcontractors on a project-by-project basis and do not enter into long-term agreements with them. Accordingly, the availability and willingness of our subcontractors to provide services to us are only known when we request for their services. We cannot guarantee that we will be successful in maintaining our working relationships with our subcontractors. In addition, we do not have direct control over the prices charged by our subcontractors. Our subcontractors usually have prescribed price lists, which are revised from time to time. We cannot guarantee that we will be able to secure quotes in current price level for our subcontracting works in the future. In the event that our subcontractors are not available or refuse to provide services to us or increase the subcontracting prices substantially, and if we are unable to engage alternative service providers at a reasonable price, we may not be able to provide timely services to our customers or meet their requirements, and incur additional operational costs, which may not be passed on to our customers. Accordingly, our operations, business, reputation and profitability may be adversely affected.

We have no control over the operations of our subcontractors and we cannot guarantee that we will be able to monitor their production process as directly and effectively as monitoring our own staff. Our subcontractors may fail to meet our requirements such as the turnaround speed and quality of work, which may lead to our failure to provide timely and quality services to our customers. As such, any failure of our subcontractors to meet our requirements or schedule may materially and adversely affect our reputation and result of operation. If our subcontractors fail to meet our expectations or to provide us services and we receive complaints from our customers, we may incur litigation costs and possible damages, which would adversely and materially affect our financial performance.

The implementation of our future plans may impose additional depreciation charges and staff costs, and we may not be able to effectively maintain our market position and expand our market share

We intend to expand our business by implementing future plans such as upgrading our Central Office and setting up the New Office to replace our Kowloon Office following the expiry of its tenancy in August 2018, and improving our computer equipment and replacing office utilities for our conference rooms as set out in the section headed “Future Plans and Use of Proceeds” of this prospectus. Following the upgrade of our Central Office and the relocation from Kowloon Office to the New Office, it is expected that the depreciation expenses and rental expenses will be increased.

RISK FACTORS

In addition, we plan to expand our workforce by recruiting 21 new staff following the Listing and the staff cost of the Group will increase accordingly. For further details, please refer to the section headed “Business — Business Strategies” of this prospectus.

We cannot assure you that by upgrading our Central Office and setting up the New Office could retain our existing customers and attract new customers in support of our expansion. We cannot guarantee that by improving our computer equipment and software could strengthen our market position and enhance our competitiveness. It is estimated that the additional operating costs, including rental expenses, staff costs and depreciation, as a result of the Group’s implementation of future plans, will be HK\$12.2 million and HK\$12.9 million for the two years ending 30 September 2020 respectively. We devised our future plans based on numerous assumptions and forecasts, which may change due to unforeseen reasons. There are factors that may render the assumptions and forecasts inoperable and are out of our control, such as changes in market demands, government policies, relevant laws and regulations, and other risks as set out in this section of the prospectus. If we are unable to cope with the uncertainties that are unknown, unexpected, or not experienced by us, such as drastic changes in the financial market of Hong Kong, we may be unable to achieve our business objectives and generate additional revenue as we expect following the implementation of future plans. The additional operating costs incurred resulting therefrom, including rental expenses, staff costs and depreciation, would impose a negative effect on the Group’s net profit and net profit margin, and therefore would have an adverse impact to the overall financial condition of the Group. In addition, if the implementation of our future plans does not generate additional revenue as we expect, there would be an adverse impact on the Group’s gross profit and gross profit margin.

Our business relies on our senior management team and we may not be able to retain them

We rely on the continued commitment, knowledge and experience of our senior management team for developing our business plans, managing our operations, and maintaining our working relationships with our customers. For further details about the contribution of our senior management team, please refer to the paragraph headed “Business — Our competitive strengths — We have a stable and capable senior management team” in this prospectus.

RISK FACTORS

We also rely on our experienced staff for the provision of our integrated financial printing services. They possess specific skills set such as typesetting and translation, which is usually trained through on-the-job experience. The demand for these experienced staff by our competitors in the financial printing industry is usually high. Our Directors observe that it is an industry norm that experienced staff are poached from time to time. The turnover of these experienced staff is also contributed by the working conditions which include long working hours and reporting duties on shifts. We may not be able to change these industry norms and working conditions due to the nature of our business. In addition, we may face difficulties in retaining our experienced staff and therefore we may have to offer further competitive remuneration packages and benefits to them, which may lower our profitability.

In the event that our senior management team or experienced staff depart and we are unable to recruit replacement staff with similar qualifications, our operations may be delayed, the quality of our services may be affected, and our customers may lose confidence in us, which in turn may adversely affect our operations and financial performance.

We may incur losses and liabilities for errors made in the documents handled by us and the leakage of confidential and price-sensitive information

We regularly handle confidential and price-sensitive information during the provision of our services. Any inadvertent errors made by us when handling and processing the information and documents of our customers may result in misstatements in our content output, which may mislead or cause losses to the readers and prospective investors of our customers. Our quality control team performs quality control checks at various points of the projects and please refer to the paragraph headed “Business — Quality Control” and “Business — Internal control and risk management” of this prospectus for further details. However, we cannot guarantee that our services will be free from human errors, our quality control inspections will eliminate all mistakes, or our internal control procedures will completely avoid the possibility of leakage of confidential information. There is no assurance that no leakage of confidential or price-sensitive information would arise from the breach of confidentiality by our employees or subcontractors or the deficiency in our information technology system. In the event that substantial errors or misstatements are made in the documents we delivered or any confidential or price-sensitive information is leaked, we may be subject to investigations by relevant regulatory authorities and other liabilities, claims and complaints from our customers, which may adversely affect our customers’ confidence in our services, our reputation, our business and financial performance.

RISK FACTORS

Our business relies on market recognition of our reputation and brand name and possible negative publicity associated with our reputation and brand name may adversely affect our customers' confidence in our services

We mainly operate our business under the brand name “EDICO” and using this brand name, we carry out sales and marketing activities to attract new customers and retain our existing customers. The strength of our reputation and brand name, as well as the success of our business, depends on the quality of our services. We have implemented various quality control procedures to ensure that our services meet the requirements of our customers. However, our quality control procedures may not prove to be or maintain effective at all times. Failure in providing our services at a high standard may cause complaints or get us involved in incidents that lead to negative publicity in relation to our reputation and brand name. Other activities, including unauthorised use of our brand name by our subcontractors, customers, competitors, or other third parties, may also lead to negative publicity in relation to our reputation and brand name. We may also face difficulties and time and expenses in enforcing our brand name when disputes arise. Accordingly, there is no assurance that we will be able to maintain our reputation and brand name successfully. The reduction in market recognition of our reputation and brand name may reduce our customers' confidence in our services and adversely affect our business and financial performance.

We are exposed to possible infringement of our intellectual property rights

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

Our final billings to our customers may differ from the initial quotations and we may have disagreements with our customers in relation to the final billings

Our pricing policy is generally on a cost-plus basis in which the prices of additional services are ascertained upon completion of the projects. Our customers sometimes request for these additional services, such as overtime services and food and beverages services, and accordingly the respective final billings may differ from the initial quotations we provided. Additional charges may also be incurred due to increases and variations in the requirements of our customers in relation to the specifications of the documents after commencement of the projects including the quantity and number of pages of printed documents and the use of out of pocket expenses. We have specified in our agreements with our customers the types of services that require additional charges and in the event that our customers request for additional services or services outside the scope of services stated in the agreements, we usually request confirmations or acknowledgements from them prior to

RISK FACTORS

providing those services. However, we cannot guarantee that our customers would not disagree on the sum charged in the final billings. Our customers may refuse to pay the additional charges, which may affect our cash flows and financial performance.

We do not own our office premises and are exposed to risks relating to the commercial real estate rental market

We rented our office premises from Independent Third Parties, which we incurred approximately HK\$9.8 million, HK\$10.3 million and HK\$10.4 million of rental costs for the three years ended 30 September 2017 respectively. The term of the tenancy agreements of our Central Office and Kowloon Office will expire on 1 January 2019 and 31 August 2018 respectively. Our landlords have absolute discretion to adjust the rental price upon the expiration of our current leases and therefore we may not be able to successfully renew the tenancy agreements on commercially acceptable terms. Accordingly, we are exposed to the risk of rental fluctuation from time to time and may not be able to renew such tenancy agreements. In the event that our rental is significantly increased, and if we are unable to seek alternative office premises, we may incur additional operating costs and our operating cash flows will increase, thereby adversely affecting our business, operations, and financial performance.

In addition, we cannot guarantee that the tenancy agreements will not be terminated before their expirations. Early or unexpected terminations of our leases may occur beyond our control and would temporarily disrupt our operations, therefore we may fail to meet the demands and requirements of our customers. In such cases, we may need to seek alternative office premises and may incur additional costs. As a result, our business, operations, and financial performance may be adversely affected.

The tenancy agreement of our Kowloon Office premises will expire in August 2018 and we plan to lease a new office premises in Central and Western District, Hong Kong (i.e. the New Office) in accordance with our business expansion plan, to replace our Kowloon Office. We cannot guarantee that we would be able to lease the New Office at similar rental rates per square feet compared to our existing office premises or at commercially acceptable terms. In addition, as it is intended that the size of the New Office is larger than our Kowloon Office, it is expected that we may incur additional rental expenses upon the expiration of lease of our Kowloon Office and the leasing of the New Office. Consequently, our profitability for the year ending 30 September 2018 may be adversely affected by the incurrence of higher rental expenses and renovation costs.

RISK FACTORS

Any unexpected and prolonged disruption to the access of our office premises may adversely affect our business

We mainly operate our business from our Central Office and Kowloon Office. In the event that there is any unexpected and prolonged disruption of usage of or access to the premises, such as fire or power failures or flooding, and if we fail to relocate to alternative office premises promptly with similar facilities, our ordinary operations would be affected and accordingly our business, results of operations and financial performances will be adversely affected.

We may fail to collect our trade receivables timely and in full

We receive payments from our customers in accordance to the terms of our agreements, which is in general by stages for the handling of listing-related documents and upon completion of the projects for the handling of periodical documents, compliance documents, and miscellaneous and marketing collaterals. During the Track Record Period, we have generally granted a credit period of 45 to 60 days to our customers to settle the invoices. Accordingly, we generally have incurred costs and expenses at the time of issuing our invoices and prior to the settlement by our customers. As at 30 September 2015, 2016 and 2017, our trade receivables amounted to approximately HK\$29.1 million, HK\$17.9 million, and HK\$23.9 million respectively, representing approximately 63.8%, 34.5%, and 43.5% of our total current assets as at the same dates. For the three years ended 30 September 2017, our average trade receivables turnover days were 114 days, 112 days and 91 days respectively. For the three years ended 30 September 2017, we recorded an impairment loss to our trade receivables of approximately HK\$12,000, HK\$0.8 million, and HK\$1.7 million respectively, due to the failure to settlement of invoices by one, one and four of our customers during the same periods. For further details of our trade receivables, please refer to the paragraph headed “Financial Information — Combined Statements of Financial Position — Trade receivables” in this prospectus. We cannot guarantee that we will be able to recover our trade receivables on a timely manner or in full. In the events that our customers fail to settle the invoices in full or on a timely manner, our profitability, cash flow, and financial position may be adversely affected.

We do not maintain insurance to cover claim for loss or damages to our products during delivery

We engage our printing subcontractors for the printing and delivering of the printed documents to locations in Hong Kong and during the three years ended 30 September 2017, we enlisted the services of three, three and two independent couriers for deliveries to locations out of Hong Kong. We do not maintain any insurance for any loss or damages made to our printed documents during delivery. There is no assurance that our printing subcontractors or the independent couriers maintain any or sufficient insurance to cover any loss or damages of the documents delivered by them. We may face claims or legal actions from our customers if our

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printing subcontractors or the independent couriers fail to deliver the documents on time or cause loss or damages. Any such claims, regardless of whether they are ultimately successful, may cause us to incur litigation costs, harm our business reputation and disrupt our operations. If any such claims are ultimately successful, we may be required to pay for the damages. Accordingly, our business, results of operations, and financial condition may be materially and adversely affected.

Our business may be interrupted by deficiencies with our IT infrastructure

Our operations depend largely on the reliability and integrity of our IT infrastructure, which involve, among others, electronically (i) receiving instructions from our customers and/or other professional parties; (ii) providing our services such as typesetting and proofreading, translation, and designing; (iii) circulating the prepared documents to our customers; and (iv) making e-Submissions for our customers and/or uploading the documents to other websites designated by our customers. Accordingly, any interruption to our IT infrastructure may disrupt our operations and the continuous provision of our services.

We also rely on our IT infrastructure to secure the confidential and price-sensitive information we handle from unauthorised access. We cannot guarantee that we will be able to maintain the performance, reliability, and security of our IT infrastructure. We may experience unexpected network interruptions, security breaches, or other system malfunctions, which may lead to leakage of such confidential and price sensitive information, and interruptions to the provision of our services. In such events, we may be susceptible to liabilities, such as complaints, claims or legal actions, which may also adversely affect our reputation and our business.

Our operations and provision of services may be disrupted if our office premises or our IT infrastructure are required to suspend operations due to the occurrence of events such as fires, power loss, hardware and software failures, terrorist attacks or other natural or man-made disasters. If such event happens and we are unable to respond promptly, we may have to suspend our operations and accordingly, our business may be adversely affected and may also negatively affect the confidence of our customers in us.

Our financial performance is subject to seasonality

We experience seasonal fluctuations in demand for our services and products. We generally experience peak periods in March, April, August and September, which is due to our customers needs to publish their financial reports pursuant to the timing requirement of the Listing Rules and the GEM Listing Rules. Accordingly, the demand for our periodical documents during such peak periods is generally higher and our financial performance may be better than the other seasons and may not accurately indicate our overall performance for the entire year. During non-peak seasons, we face certain fixed-cost expenses, such as rental and staff expenses, thereby our financial performance may be affected if there is less demand for our services during the relevant non-peak periods. Prospective investors should therefore be aware of such seasonal factors when making any comparisons of our financial performance.

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Our financial performance may fluctuate from period to period due to variations in types of services required by our customers and the progress of our customers' projects

Our financial performance may fluctuate from time to time depending on the types of services required by our customers. In addition, the progress of our customers' projects, in particular for those in relation to listing documents and compliance documents, are subject to factors out of our control such as clearance from respective regulators. Delays in completion or suspension in our customers' projects may postpone their payments to us and accordingly adversely affect our cash flows and results of operations. We cannot guarantee that we could recover all costs incurred for providing services to our customers whose projects have been delayed or suspended for a long period of time, which could adversely affect our financial performance.

The increase in Directors' remuneration may adversely affect our net profit margin and our financial results

During the Track Record Period, the total remuneration paid by us to our Directors for the three years ended 30 September 2017 was approximately HK\$1.6 million, HK\$1.2 million and HK\$1.5 million, respectively.

The remuneration policy for our Directors is based on their experience, level of responsibility and general market conditions. The Company needs to provide a reasonable level of remuneration to its Directors in order to retain competent and suitable personnel to maintain the business growth of the Group. The Directors' aggregate remuneration will be increased upon Listing as a result of the new engagement with independent non-executive directors. We cannot guarantee that our Directors' remuneration would not increase in the future. Any increase in our Directors' remuneration may have adverse impact on our Company's net profit margin and hence, our financial results.

We may experience another period of negative cash flow in the future

For the year ended 30 September 2015, we recorded net cash used in operating activities of approximately HK\$1.2 million, mainly due to, among others, (i) our profit before tax of approximately HK\$12.8 million; (ii) increase in trade receivables of approximately HK\$17.4 million mainly due to some of our customers' slow payment practice and certain outstanding bills for listing documents with higher receivables near the end of September 2015; (iii) decrease in amounts due from our customers on service contracts of approximately HK\$2.0 million mainly due to completion of certain projects and the amount was transferred to trade receivables after issuance of invoices; and (iv) increase in trade payables of approximately HK\$1.6 million mainly due to costs derived from the completion of the abovementioned projects. Please refer to the section headed "Financial Information" in this prospectus for a more detailed discussion. We cannot assure you that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows. As a result, we cannot assure you that we will not experience another period of negative cash flow from our operating activities in the future.

RISK FACTORS

RISKS RELATING TO OUR INDUSTRY

Our business may be affected by changes in the rules and regulations governing the companies listed on the Stock Exchange

During the Track Record Period, our customers were mainly companies listed on the Stock Exchange, which are required to comply with the applicable laws and regulations. The laws and regulations may change from time to time, such as (i) relaxations on the compliance requirements for corporate actions; (ii) changes in legal requirements for the distribution of summary financial reports instead of full annual reports; (iii) distribution of financial reports by electronic means instead of printed copies; (iv) dissemination of corporate information to shareholders of listed companies using electronic means and in electronic format instead of printed form; and (v) the use of Mixed Media Offers in a public offer without being accompanied by printed listing documents. These changes may adversely affect the demand for our services, thereby adversely affecting our business, operations, and financial performance.

Our business may be adversely affected by the financial market slowdown in Hong Kong

We operate our business in Hong Kong and we rely on the positive performance of the financial market of Hong Kong for our continuous business growth. A substantial portion of our customers are companies listed on the Stock Exchange or seeking to list thereon. Accordingly, demand for our services and products will be significantly higher when the financial market performs well with higher number of capital raising events and corporate activities. In the event that Hong Kong experience adverse economic, political, or regulatory changes, such as economic downturn or prolonged period of bearish market conditions, may deter applications for listing on the Stock Exchange or corporate activities, which could in turn reduce demand for our services and products, and therefore our business and financial performance may be adversely affected.

Unforeseen circumstances may adversely affect our business operations and financial performance

We may be susceptible to any unforeseen circumstances that may adversely affect the ordinary operation of our business for a prolonged period of time, such as outbreaks of diseases, tropical cyclone warning signal number 8 or above, “black” rainstorm warning, floods and protests that affect access to our office. Furthermore, black swan events such as Black Monday and acts of terrorism may cause severe adverse effect on the stock market which in turn affects the demand for our services by our customers and accordingly our financial performance.

We face intense competition in the financial printing industry in Hong Kong and may not be able to maintain our profitability

According to Ipsos Report, there were 21 financial printing service providers in Hong Kong as at 30 September 2016. We compete with them for a limited number of customers, in particular companies that are listed or applying for listing on the Stock Exchange. We may be less competitive in terms of prices and technical capabilities when compared to our competitors that

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have a longer operating history and of a larger scale. If we are unable to maintain or reinforce our competitiveness, our customers may engage other financial printing service providers, which leads to a reduction of our market share. In addition, we may have to take aggressive measures, such as lowering our service charges, to attract new customers and retain our existing customers. Accordingly, our profitability may be lowered and our financial performance may be adversely affected.

RISKS RELATING TO THE SHARE OFFER

Termination of the Public Offer Underwriting Agreement

You should note that the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter) is entitled to terminate the obligations of the Public Offer Underwriter pursuant to the Public Offer Underwriting Agreement by giving notice in writing to us upon the occurrence of any of the events set out in the paragraph headed “Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for Termination” of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, among others, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics.

There may be limited liquidity in the Shares

Prior to the Share Offer, there was no public market for our Shares. Following the completion of the Share Offer, the Stock Exchange will be the only market where our Shares are publicly traded. While we have applied to be listed and deal our Shares on the Stock Exchange, we cannot predict the extent to which your interest in our Company will lead to the development of a trading market on the Stock Exchange or how active and liquid that market may become. If an active and liquid trading market does not develop, you may have difficulty in selling our Shares. The Offer Price is the result of negotiations among us and the Sole Bookrunner (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Listing. There is no guarantee that an active trading market for our Shares will develop, or, if it does develop, that it will sustain or that the market price of our Shares will not decline after the Listing.

There may be volatility in the price and trading volume of the Shares on GEM

The price and trading volume of our Shares may fluctuate widely in response to factors beyond our control. The factors that could cause significant market price change include but do not limit to the following: (i) changes in our results of operations, earnings and cash flows, and securities analysts’ estimates of our financial performance; (ii) changes in competitive landscapes of our industry, including strategic alliances, acquisitions, or joint ventures by us or our competitors; (iii) changes in general economic conditions affecting us or our industries; (iv) changes in our senior management; and (v) fluctuations of the general stock market and the development of GEM.

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There are no assurances that these developments will or will not occur in the future and it is difficult to quantify the impact on us and on the trading volume and market price of our Shares. In addition, our Shares may be subject to changes in the market price, which may not be directly related to our business or financial performance.

Our future financing may dilute your shareholding or place restrictions on our operations

We may find opportunities to grow by raising additional funds in the future to finance business expansion. We may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro-rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may (i) further limit our ability or discretion to pay dividends; (ii) increase our risks in adverse economic conditions; (iii) adversely affect our cash flows; or (iv) limit our flexibility in business development and strategic plans.

Control by our Controlling Shareholder of a substantial percentage of our Company's share capital after the completion of the Share Offer may limit your ability to influence the outcome of decisions requiring the approval of Shareholders and the interests of our Controlling Shareholder may not be aligned with those of our Shareholders

Upon completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), approximately 75% of our Shares will be held by our Controlling Shareholders. Our Controlling Shareholders will continue to have significant influence on us on various important corporate actions requiring the approval of Shareholders. There may be a conflict between our Controlling Shareholders' interest and your interests. Control by our Controlling Shareholders of a substantial percentage of our Shares may have the effect of delaying, discouraging, or preventing a change in control of us, which may deprive you of opportunities to receive premiums for your Shares and may reduce the price of the Shares. If our Controlling Shareholders cause us to pursue strategic objectives and material transactions that would conflict with your interests, you may also be left in a disadvantaged position.

Future sales or major divestment of our Shares by our Controlling Shareholder could adversely affect the prevailing market price of our Shares

The market price of our Shares may be adversely affected by future sales of a significant number of our Shares in the public market after the Share Offer, or the perception that these sales may occur. The Shares held by our Controlling Shareholders are subject to restrictions set out by the GEM Listing Rules and certain lock-up arrangements, for further details, please refer to the section headed "Underwriting" in this prospectus. After the restrictions as set out by the GEM Listing Rules and that of the lock-up arrangements expire, our Controlling Shareholders may dispose of our Shares. Any major disposal of our Shares may adversely affect the market price of our Shares, which may negatively affect our ability to raise equity capital.

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The exercise of options as may be granted under the Share Option Scheme may result in dilution to the Shareholders

Our Company has conditionally adopted the Share Option Scheme though no options had been granted thereunder as at the Latest Practicable Date. Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and the net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue.

There is no assurance that whether and when we will pay dividends and dividends declared in the past are not indications of our future dividend policy

We cannot guarantee when, if or in what form, and amount dividends will be paid on our Shares following the Share Offer. Distribution of dividends must be approved by our Board and is subject to a number of factors, including the results of operations, cash flows, financial situation and capital expenditure requirements of our Group, distributable profits of our subsidiaries and dividends they pay to us, our future plans and business prospects, market conditions, our Articles of Association, regulatory restrictions, and our contractual obligations. As a result, our historical dividend distributions are not indicative of dividends that we may pay in the future. For further details of our dividend distribution, please refer to the paragraph headed “Financial Information — Dividend” of this prospectus.

You may experience difficulties in enforcing your shareholder rights because we are incorporated in the Cayman Islands

We are an exempted company incorporated in the Cayman Islands with limited liability. Cayman Islands law differs in some respects from the laws of Hong Kong. Our corporate affairs are governed by our Memorandum and Articles of Association, the Cayman Companies Law and the common law of the Cayman Islands. The rights of our Shareholders to take legal actions against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands, and from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For further information, please refer to the section headed “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law” in this prospectus.

RISK FACTORS

RISKS RELATING TO CERTAIN INFORMATION CONTAINED IN THIS PROSPECTUS

Certain facts and forecasts, and statistics in this prospectus are derived from various sources and may not be accurate and reliable

In this prospectus, certain facts, forecasts and other statistics are derived from various government official sources and publications or from the Ipsos Report or other sources. Although we have taken reasonable care in extracting those facts, forecasts, and statistics, they have not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, or the Underwriters, any of our or their respective directors, officers or representatives, or any other person involved in the Share Offer. We cannot assure you that those facts, forecasts, and statistics are accurate and reliable. All the aforesaid parties, including but not limited to our Company and the Sole Sponsor, the Sole Bookrunner, or the Underwriters, any of our or their respective directors, officers or representatives, or any other person involved in the Share Offer make no representation as to the accuracy and reliability of such facts, forecasts, and statistics. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy in other jurisdictions. You should consider carefully how much weight or importance you should place on those facts, forecasts, and statistics.

Our forward-looking statements are subject to risks and uncertainties

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “ought to”, “plan”, “predict” “project”, “seek”, “should”, “would” or “will”, or similar expressions. Those statements include, among others, the discussion of our growth strategies and expectations concerning our future operations, liquidity, and capital resources. You are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. For further details, please refer to the section headed “Forward-Looking Statements” of this prospectus.

RISK FACTORS

You should read the entire prospectus carefully and should not place any reliance on any information contained in press articles or other media in making your investment decision

Prior or subsequent to the publication of this prospectus, there may have been press and media coverage regarding us and the Share Offer, which includes certain information about us that does not appear in, or is different from what is contained in this prospectus. We have not authorised the disclosure of any such information in the press or media. The financial information, financial projection, valuation, and other information about us contained in such unauthorised press or media coverage may not truly reflect what is disclosed in this prospectus or the actual circumstances. We do not accept any responsibility for such unauthorised press and media coverage or the accuracy or completeness of any such information. To the extent that any information appearing in the press and media is inconsistent or in conflict with the information contained in this prospectus, we disclaim it. You should rely only on the information contained in this prospectus in making your investment decision.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually take full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive;
- (b) there are no other matters the omission of which would render any statement herein or this prospectus as a whole misleading; and
- (c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall likewise not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of the respective directors, officers, agents, employees and/or representatives or any other person or parties involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus. The Listing is sponsored by the Sole Sponsor. The Share Offer is managed by the Sole Bookrunner. The Public Offer will be fully underwritten by the Public Offer Underwriter under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed “Underwriting” in this prospectus.

OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by the Price Determination Agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is currently scheduled to

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

be on or about Friday, 26 January 2018 or such later date as the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company may agree. If, for whatever reason, the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to agree on the Offer Price by the Price Determination Date, the Share Offer will not become unconditional and will lapse. For full information relating to the determination of the Offer Price, please refer to the section headed “Structure and Conditions of the Share Offer” in this prospectus.

SELLING RESTRICTIONS

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, any offer or invitation nor is it taken as an invitation or solicitation of offers in any jurisdiction or under any circumstances where such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

Each person acquiring the Offer Shares will be required to confirm, or by his or her acquisition of the Offer Shares be deemed to confirm, that he or she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed “How to Apply for the Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure and conditions of the Share Offer are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR THE LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on GEM and the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any option which may be granted under the Share Option Scheme. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. A total of 250,000,000 Offer Shares comprising the issue of 250,000,000 new Shares for subscription, representing 25% of our Company's issued share capital, will be in the hands of the public immediately following the completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and upon the Listing. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Under section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares to be listed on the GEM pursuant to this prospectus has been refused prior to the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Save as disclosed herein, no part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

OFFER SIZE ADJUSTMENT OPTION

Details of the Offer Size Adjustment Option are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants in the Share Offer are recommended to consult with their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, the Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, their respective directors or any other person

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong branch register of members will be maintained by our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, in Hong Kong.

The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles of Association.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional advisers.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Friday, 2 February 2018. Shares will be traded in board lots of 10,000 Shares each. The stock code for the Shares is 8450. Our Company will not issue any temporary document of title.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amount may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Chan Tsang Tieh (陳增鈺)	Flat F, 13/F, Block 4 Bauhinia Mansion Whampoa Garden Kowloon, Hong Kong	Chinese
Mrs. Donati Chan Yi Mei Amy (陳綺媚)	House 11, Le Bleu 12 Tung Chung Waterfront Road Tung Chung Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Li Wai Ming (李威明)	Flat C, 10/F, Tower 3 Discovery Park, Tsuen Wan Hong Kong	Chinese
Mr. Wan Chun Wai Andrew (尹振偉)	Flat F, 59/F, Tower 3 1 Po Lun Street Manhattan Hill Lai Chi Kok, Kowloon Hong Kong	Chinese
Ms. Chan Chiu Yee Natalie (曾昭怡)	House 5 No. 12 Shouson Hill Road Hong Kong	British

For further details, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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PARTIES INVOLVED IN THE SHARE OFFER**Sole Sponsor**

Giraffe Capital Limited
22/F, China Hong Kong Tower
8–12 Hennessy Road
Wanchai
Hong Kong

Sole Bookrunner

Koala Securities Limited
Units 01–02, 13/F Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

Joint Lead Managers

Koala Securities Limited
Units 01–02, 13/F Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

Yellow River Securities Limited
Unit D, 4/F, Trust Tower
68 Johnston Road
Wan Chai
Hong Kong

Co-Lead Managers

Aristo Securities Limited
Room 101, 1st Floor
On Hong Commercial Building
145 Hennessy Road
Wanchai
Hong Kong

Ruibang Securities Limited
9/F Sang Woo Building
227–228 Gloucester Road
Wanchai
Hong Kong

Supreme China Securities Limited
Suites 2701–2, 27/F, Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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Legal advisers to the Company

As to Hong Kong law
Michael Li & Co.
Solicitors, Hong Kong
19/F, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

As to Cayman Islands law
Conyers Dill & Pearman
Attorneys-at-law, Cayman Islands
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal advisers to the Sole Sponsor and the Underwriters

As to Hong Kong law
P. C. Woo & Co.
Solicitors, Hong Kong
12/F, Prince's Building
10 Chater Road
Central
Hong Kong

Reporting Accountants

Martin C.K. Pong & Company
Certified Public Accountants
Room B, 16/F, Times Tower
391-407 Jaffe Road
Wanchai
Hong Kong

Industry Consultant

Ipsos Limited
22/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Receiving Bank

Standard Chartered Bank (Hong Kong) Limited
15/F, Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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Internal Control Consultant

PKF Hong Kong Limited
26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Compliance Adviser

Giraffe Capital Limited
22/F, China Hong Kong Tower
8–12 Hennessy Road
Wanchai
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	8/F, Wheelock House 20 Pedder Street Central Hong Kong
Company's website	<u>www.edico.com.hk</u> <i>(information contained in this website does not form part of this prospectus)</i>
Joint company secretaries	<p>Ms. Cheng Kwai Yee <i>(as a fellow member of the Association of Chartered Certified Accountants)</i> Flat C, 37/F, Block 2 Metro Harbour View 8 Fuk Lee Street Tai Kok Tsui, Kowloon Hong Kong</p> <p>Mr. Kwok Siu Man <i>(as a fellow member of The Hong Kong Institute of Chartered Secretaries)</i> 31/F 148 Electric Road North Point Hong Kong</p>
Compliance officer	Mrs. Donati Chan Yi Mei Amy
Authorised representatives (for the purpose of the GEM Listing Rules)	<p>Mrs. Donati Chan Yi Mei Amy House 11, Le Bleu 12 Tung Chung Waterfront Road Tung Chung Hong Kong</p> <p>Ms. Cheng Kwai Yee Flat C, 37/F, Block 2 Metro Harbour View 8 Fuk Lee Street Tai Kok Tsui, Kowloon Hong Kong</p>

CORPORATE INFORMATION

Audit committee	Mr. Li Wai Ming (<i>Chairman</i>) Mr. Wan Chun Wai Andrew Ms. Chan Chiu Yee Natalie
Remuneration committee	Mr. Wan Chun Wai Andrew (<i>Chairman</i>) Mrs. Donati Chan Yi Mei Amy Ms. Chan Chiu Yee Natalie
Nomination committee	Ms. Chan Chiu Yee Natalie (<i>Chairlady</i>) Mr. Chan Tsang Tieh Mr. Wan Chun Wai Andrew
Risk Management committee	Mr. Li Wai Ming (<i>Chairman</i>) Mr. Wan Chun Wai Andrew Ms. Chan Chiu Yee Natalie
Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Boardroom Share Registrars (HK) Limited 2103B, 21/F 148 Electric Road North Point Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Central Hong Kong

INDUSTRY OVERVIEW

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

The information extracted from the market research report from Ipsos reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. While the Sole Sponsor and our Directors have exercised reasonable care in reproducing market data disclosed in this prospectus, and have no reasonable ground to believe and do not believe that any such information being included in this prospectus is untrue, such information has not been independently verified by our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, any other party involved in the Listing or their respective directors, officers, employees, advisers, agents and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.

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

SOURCES OF INFORMATION

Ipsos Report, research methodology and assumptions

Ipsos, an Independent Third Party, was commissioned by our Group to produce the Ipsos Report at a total fee of HK\$669,000. The report prepared by Ipsos is independent of our Group's influence. The payment of such amount was not contingent upon the success of the Listing or upon the results of the Ipsos Report. Figures and statistics provided in this prospectus and attributed to Ipsos Report have been extracted from the Ipsos Report and published with the consent of Ipsos.

Ipsos was founded in Paris, France in 1975 and publicly-listed on the NYSE Euronext Paris in 1999. Ipsos SA acquired Synovate Ltd. in October 2011. After the combination, Ipsos becomes the third largest research company in the world which employs approximately 16,600 personnel

INDUSTRY OVERVIEW

worldwide across 88 countries. Ipsos conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence.

The information contained in the Ipsos Report was derived by means of data and intelligence gathering which include: (i) primary research which involved interviews with a sample of key knowledge leaders in Hong Kong; and (ii) secondary research which involved reviewing published sources including Census and Statistics Department of Hong Kong, publications from the Stock Exchange and company reports including audited financial statements where available. Projected data in the Ipsos Report was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers. The information collected were reviewed by Ipsos and cross-checked against all sources for consistency and accuracy and an independent analysis was conducted to build all final estimates.

The Ipsos Report was compiled based on a number of assumptions including (i) the global economy remains in steady growth across the period from 2017 to 2021; and (ii) there are no external shocks, such as financial crises or natural disasters, that will influence the demand and supply of the financial printing services and marketing collateral printing services industry in Hong Kong from 2017 to 2021. Ipsos believes that the basic assumptions used in preparing the Ipsos Report, including those used to make future projections, are factual, correct and not misleading. Ipsos has independently analysed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected.

In analysing the market size and forecast model of the Ipsos Report, Ipsos has considered a number of key parameters which include (i) total value of equity funds raised and IPO funds raised in Hong Kong from 2011 to 2016; (ii) number of listed companies in Hong Kong from 2011 to 2016; and (iii) total revenue of the financial printing services industry in Hong Kong from 2011 to 2021.

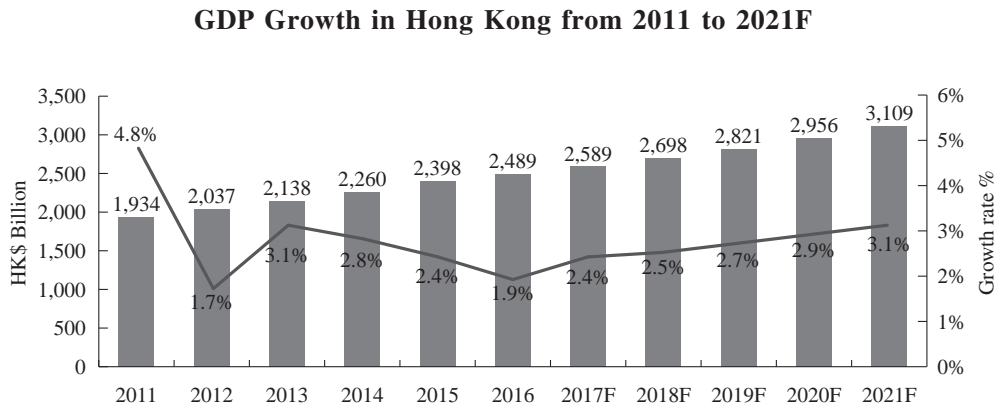
Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the Ipsos Report or the date of the relevant data contained in the Ipsos Report which may qualify, contradict or have an impact on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

INDUSTRY OVERVIEW

GENERAL INTRODUCTION OF HONG KONG MACRO ECONOMIC ENVIRONMENT

GDP Growth in Hong Kong

The chart below sets forth GDP growth and growth rate in Hong Kong from year 2011 to 2021:



Source: International Monetary Fund (IMF); Ipsos research and analysis

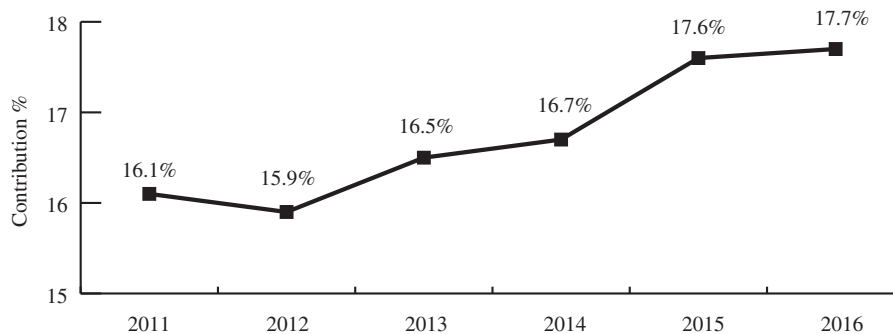
The GDP value of Hong Kong increased from HK\$1,934 billion to HK\$2,489 billion from 2011 to 2016. From 2017 to 2021, it is projected that the GDP in Hong Kong will grow from HK\$2,589 billion to HK\$3,109 billion. The growth in Hong Kong's GDP will be potentially caused by government support in Hong Kong. For instance, in the 2017–2018 Budget, the government announced to reduce salaries tax, profit tax and tax under personal assessment for 2016–2017 by 75%, subject to a ceiling of HK\$20,000. In the 2016–2017 Budget, the government also took initiative to enhance the “SME Financing Guarantee Scheme”.

INDUSTRY OVERVIEW

GDP Contribution of the Financial Services Industry

The financial services sector has been playing an important role in Hong Kong's economy. The financial services sector consists of the banking industry, insurance industry and other financial services industries. The contribution of the financial services sector to Hong Kong's GDP increased from 16.1% in 2011 to 17.7% in 2016, showing an increasing trend during the period. The graph below sets forth the GDP contribution of financial services industry in Hong Kong from 2011 to 2016:

GDP Contribution of the Financial Services Industry in Hong Kong



Source: Census and Statistics Department, HKSAR; Ipsos research and analysis

Growing IPO Market

Hong Kong's stock market performed the best globally in 2016 in terms of IPO fundraised, raising IPO fund of US\$25.1 billion in 2016. Hong Kong being an international financial center is the most sought-after market for IPOs for global companies which are increasingly looking to expand in the Asia-Pacific region and enhance their brand image through listing. Also, Hong Kong helps to facilitate Chinese companies to expand their brands internationally and thus Hong Kong has attracted many companies to be listed on the Stock Exchange.

INDUSTRY OVERVIEW

Based on the data published by the HKEx, it is estimated that in terms of IPO funds raised by industry in 2016, the financial services industry has raised the most IPO funds in 2016, followed by the consumer goods sector and consumer services sector, accounting for 14.3% and 8.1% respectively.

Global Ranking in IPO Fundraising (2016)

No.	Exchange	No. of IPOs	Funds Raised (US\$ billion)
1	HKEx	126	25.1
2	Shanghai Stock Exchange	103	16.3
3	NYSE	37	14.7
4	Nasdaq — US	84	10.9
5	Japan Exchange Group Inc	88	10.7
6	LSE	66	7.9
7	Shenzhen Stock Exchange	124	7.8
8	Nasdaq — Copenhagen	6	5.9
9	Deutsche Börse	6	5.8
10	Korea Exchange	133	5.6

Sources: Hong Kong Exchanges and Clearing Limited, Ipsos research and analysis

THE FINANCIAL PRINTING SERVICES INDUSTRY IN HONG KONG

Total value of equity funds raised and IPO raised in Hong Kong

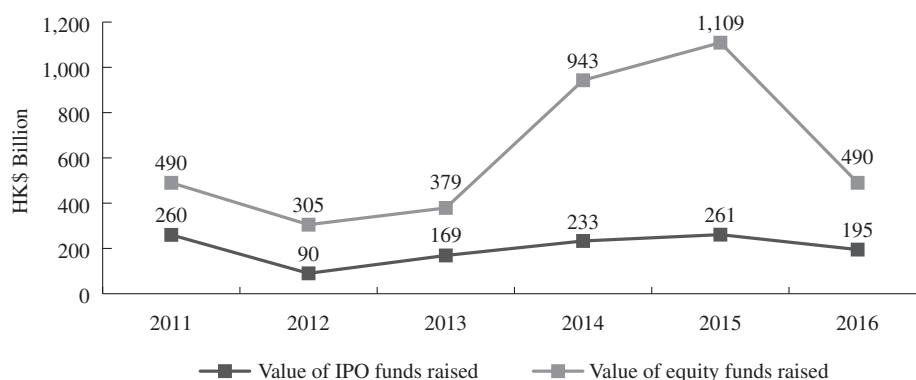
According to Ipsos Report, the total value of equity funds raised in Hong Kong decreased from HK\$490 billion in 2011 to HK\$305 billion in 2012, then increased to HK\$1,109 billion in 2015 and decreased sharply to HK\$490 billion in 2016. While the total value of IPO funds raised decreased from about HK\$260 billion in 2011 to HK\$90 billion in 2012, and increased steadily from HK\$90 billion in 2012 to HK\$261 billion in 2015. The total value of IPO funds raised dropped to HK\$195 billion in 2016, representing a negative CAGR of approximately 5.6%. Both total value of equity funds raised and the total value of IPO funds raised in Hong Kong decreased in 2012, mainly attributed to the impact of negative external factors such as the European debt crisis. Due to the improving economic performance and market sentiment, the total value of equity and IPO funds raised increased from 2013 onwards. However, due to the slowdown in the growth of the Chinese economy, both the total value of equity and IPO funds raised decreased again in 2016. The decrease in 2016 was mainly attributed to the decrease in the equity fund raised by rights issues, placings and others on the Main Board. As Hong Kong remained among the top listing hubs in the world in 2015 and 2016, with a thriving equity market in Hong Kong, the demand for services in the financial printing services industry is likely to remain solid.

INDUSTRY OVERVIEW

Total value of equity funds raised and IPO funds raised in Hong Kong

The chart below sets forth the total value of equity funds raised and IPO funds raised in Hong Kong from year 2011 to 2016:

**Total Value of Equity Funds Raised and IPO Funds Raised
in Hong Kong from 2011 to 2016**



Source: Securities and Futures Commission (SFC); Ipsos research and analysis

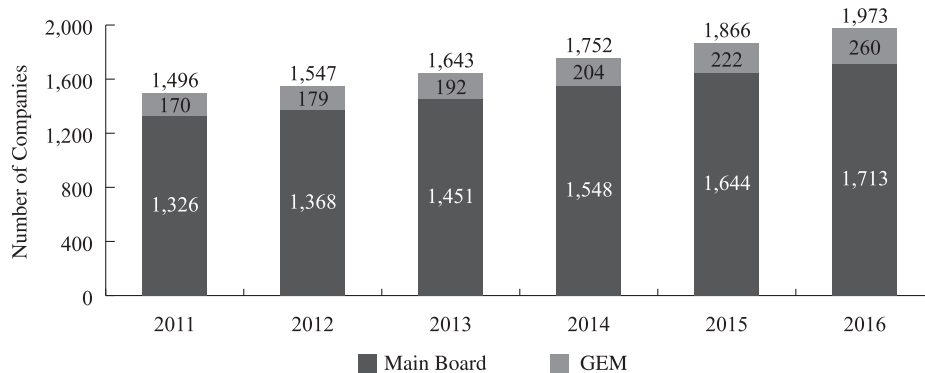
Number of listed companies in Hong Kong

The number of listed companies in Hong Kong increased from 1,496 in 2011 to 1,973 in 2016, at a CAGR of approximately 5.7%. From 2011 to 2016, the number of companies listed on Main Board and GEM increased at a CAGR of approximately 5.3% and 8.9%, respectively.

INDUSTRY OVERVIEW

Companies listed on Main Board are required to produce an annual report and an interim report yearly, while companies listed on the GEM are required to publish more documents including an annual report, an interim report and two quarterly reports yearly. All listed companies are required to comply with the Listing Rules (as the case may be) and to publish announcements and/or circulars under various circumstances. All these reports and other documents have created the need for financial printing services in Hong Kong. The chart below illustrates the number of listed companies and newly listed companies in Hong Kong from 2011 to 2016:

Total number of listed companies in Hong Kong from 2011 to 2016

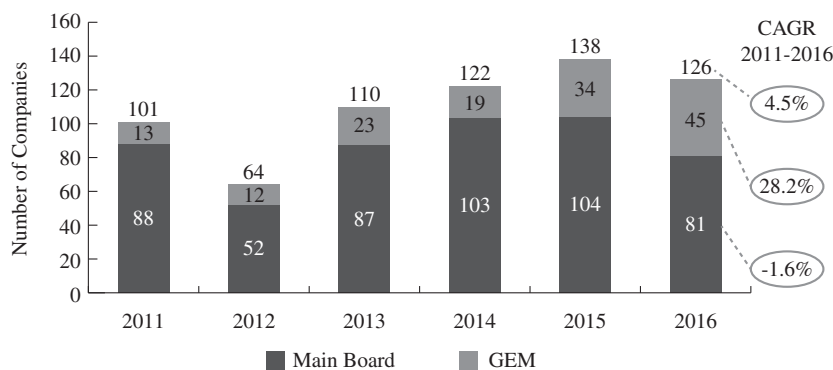


Source: Hong Kong Exchanges and Clearing Limited; Ipsos research and analysis

Number of Newly Listed Companies in Hong Kong

The chart below sets forth the number of newly listed companies in Hong Kong from 2011 to 2016:

Total number of newly listed companies in Hong Kong from 2011 to 2016



Source: Hong Kong Exchanges and Clearing Limited; Ipsos research and analysis

INDUSTRY OVERVIEW

The number of newly-listed companies was 126 in 2016, increasing from about 101 in 2011, at a CAGR of about 4.5%. In 2016, of the total newly listed companies, 64% were listed on Main Board and 36% were listed on the GEM. Main Board listing decreased at a CAGR of –1.6% between 2011 and 2016 from 88 to 81, while GEM listing increased at a CAGR of 28.2% from 13 in 2011 to 45 in 2016.

The number of newly listed companies on the GEM grew faster than the number of newly listed companies on Main Board from 2011 and 2016. This is potentially due to lower listing requirements of GEM for smaller scale companies to raise funds as compared to Main Board.

However, the number of newly listed companies decreased in 2012 mainly due to the impact of negative external factors such as the slow down in the growth of the Chinese economy. Nevertheless, the improving economic sentiment of China and Hong Kong in 2013 and 2014 has driven the rising number of listed companies. Such steady and continued growth in terms of the number of listed companies has in turn led to an increase in demand for prospectuses, financial reports, and other listing related documents, and has provided growth momentum to the financial printing industry.

Total revenue of the financial printing services industry in Hong Kong

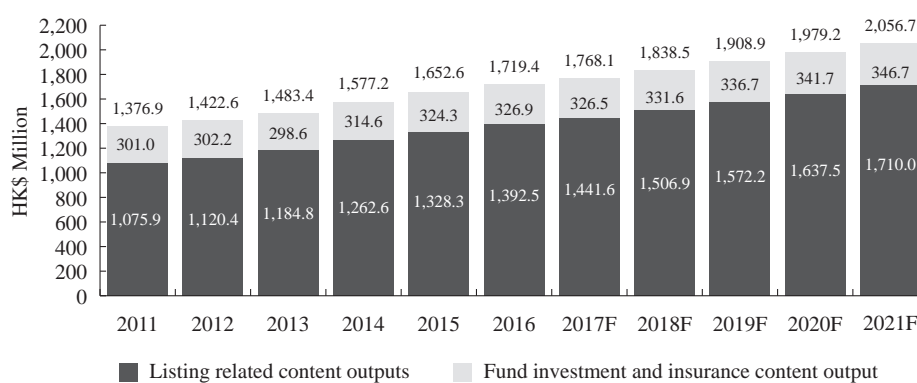
According to Ipsos Report, the total revenue of financial printing services industry has increased from approximately HK\$1,376.9 million in 2011 to approximately HK\$1,719.4 million in 2016, at a CAGR of approximately 4.5%. The increase in revenue of the financial printing services industry in Hong Kong can be explained by the increasing number of listed companies during the period from 2011 to 2016. For instance, the number of listed companies increased from 1,496 in 2011 to 1,973 in 2016. The increasing number of listed companies may be due to Hong Kong's economic freedom, absence of exchange controls and its favorable time zone location.

In 2021, the total revenue of the financial printing services industry in Hong Kong is expected to increase to approximately HK\$2,056.7 million from about HK\$1,768.1 million in 2017, at a CAGR of 3.9%. Although the recently tightened vetting process for listing applicants may reduce the number of newly listed companies in the near future, especially those smaller scale companies and companies whose market capitalisation is low, the pipeline of IPO listings remains strong.

INDUSTRY OVERVIEW

In addition, there is high probability that the Chinese economy may not grow at a rate as strong as it was in previous years, and along with the depreciation of the RMB, investors from China may potentially look into overseas investment, such as in Hong Kong, the United States, and South East Asia. Therefore, this might create business opportunities for fund and insurance companies in Hong Kong, targeting Chinese investors by launching more fund and insurance products. These opportunities can further propel the financial printing services industry in Hong Kong in the forecasted period. The chart below illustrates the total revenue of the financial printing services industry in Hong Kong from 2011 to 2021:

**Total revenue of the financial printing services industry
in Hong Kong from 2011 to 2021 (Note)**



Note: The total revenue of the financial printing services industry refers to the revenue generated by the projects for (i) listing related content outputs; and (ii) fund investment and insurance content outputs.

Source: Ipsos research and analysis

Competitive landscape of the financial printing services industry in Hong Kong

According to the Ipsos Report, the number of financial printing service providers in Hong Kong has been relatively stable from 2011 to 2016. The financial printing services industry consists of 21 service providers in Hong Kong as of 30 September 2016 and the top players have significantly dominated the industry. The top 10 major players have accounted for an approximate market share of 73.5% in 2016 in terms of total revenue contributed by financial printing services. The remaining 11 financial printing service providers accounted for the remaining 26.5% market share. There is no single dominant player in the financial printing services industry.

INDUSTRY OVERVIEW

Top 10 financial printing service providers in Hong Kong

Our Group ranked 9th among the financial printing service providers in Hong Kong in 2016 in terms of the total revenue contributed by financial printing services mainly due to our concept creation and artwork design capabilities, strong client base and dedicated and experienced management team. For further details of our competitive advantages, please refer to the paragraph headed “Business — Business strategies” in this prospectus.

Top 10 Financial Printing Service Providers in Hong Kong in 2016

<u>Rank</u>	<u>Name of Company</u>	<u>Estimated Revenue from Financial Printing Services in 2016 (Note 1) (HK\$ million)</u>	<u>Market Share (%)</u>	<u>Listed/Private (Note 2)</u>
1	Company A	189.4	11.0	Private
2	Company B	178.1	10.4	Listed
3	Company C	155.5	9.0	Listed
4	Company D	146.0	8.5	Listed
5	Company E	140.2	8.2	Listed
6	Company F	120.0	7.0	Listed
7	Company G	116.7	6.8	Listed
8	Company H	78.0	4.5	Private
9	The Group	71.5	4.2	Private
10	Company I	68.4	4.0	Private
	Others	455.6	26.5	
	Total	1,719.4	100	(Note 3)

Notes:

1. The revenue of the financial printing service providers in Hong Kong includes the revenue generated from projects for (i) listing related content outputs; and (ii) fund investment and insurance content outputs.
2. “Listed” refers to companies listed under their own name or under a parent company on the Stock Exchange or other stock exchanges.
3. Sum of market share may not equal to 100 due to rounding.

Source: Ipsos research and analysis

INDUSTRY OVERVIEW

Market growth drivers of the financial printing services industry in Hong Kong

Number of IPO and financial products in Hong Kong

The increase in the number of IPOs and financial products in Hong Kong will increase the market size of the financial printing services industry in Hong Kong despite the slowing global economy. The performance of the financial printing services industry in Hong Kong is highly correlated to the performance of the financial industry in Hong Kong. In general, there are more IPOs and financial product launches in a strong market. It is required by law that information of IPOs and financial products be printed out for public distribution. The increase in IPOs and financial products on the market will increase the demand for financial printing services in Hong Kong.

Additional stipulated regulation

In order to help Hong Kong maintain its position as a leading platform for fundraising it is important that the regulatory regime enables market participants to invest and raise new funds with confidence. It is required by the Listing Rules and the GEM Listing Rules that any news from internal changes or share price sensitive news of companies listed on the Stock Exchange should be disclosed through announcements and circulars printed out for public distribution. It is also expected that such regulation requirements will continue to change and additional stipulated regulations on more disclosure are likely to be imposed, creating market growth opportunities.

Entry Barriers

Difficulty in building up client portfolio

New entrants may face difficulty in building up their client portfolio for sustaining the business as the competitors could enjoy first mover advantages. It is highly likely that customers select a financial printing service provider who has client portfolio and strong track record. The major reason is that customers tend to look for service providers which have conducted similar projects in their industry. Hence, it necessitates the establishment of a client portfolio for new entrants to sustain their business. Customers tend to choose the same service provider if the services provided are acceptable and therefore it might be difficult for new entrants to reach customers that are already using services from a financial printing service provider.

Client referral

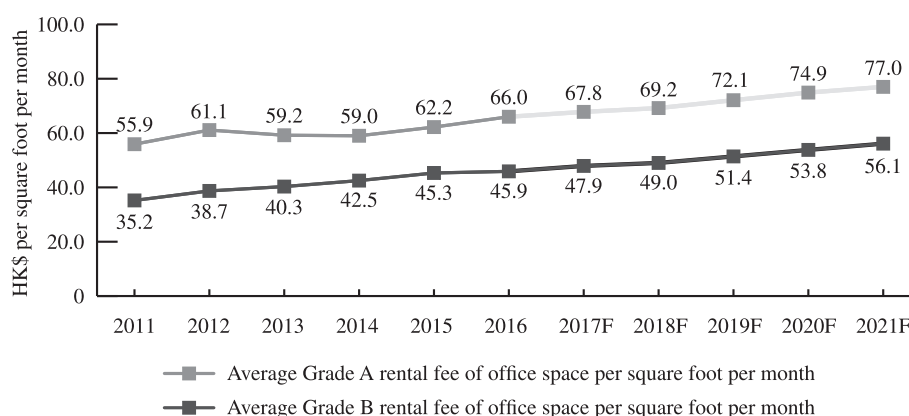
Customer referrals are common in the industry; hence, brand image is an asset for the financial printing service providers. Since the major customers are mainly financial institutions and they are interrelated, customers may recommend other financial institutions to use the services provided by the same financial printing service providers if they have experienced good services. As listed financial printing service providers have relevant first-hand experience working with more stringent regulations and compliance issues, customers might find more comfortable and reassuring to work with.

INDUSTRY OVERVIEW

High initial cost

Since most of the financial printing service providers' offices are located near their major clients generally in the central business district, the cost of office rental is high. Moreover, new entrants to the industry may require a considerable amount of capital to renovate the office to provide sufficient conference rooms and lounge space for customers. Furthermore, a large proportion of financial printing service providers operate 24 hours a day, seven days a week and hence this increases labor, electricity, and other miscellaneous operating costs. Besides office rental, labor cost is high in the financial printing services industry as the industry is a relatively labor-intensive industry. Some of the financial printing service providers may have their own printing facilities and equipment. However, most of the financial printing service providers subcontract all printing works to independent printing factories. Therefore, it is considered as an industry norm in the financial printing services industry. The chart below sets forth the price trend of office space rental and median monthly wage in the financial printing services industry in Hong Kong from 2011 to 2016:

Price Trend of Office Space Rental in Hong Kong from 2011 to 2021



Sources: Rating and Valuation Department, HKSAR; Ipsos research and analysis

The Grade A office rental per square foot per month in Hong Kong increased from HK\$55.9 in 2011 to HK\$66.0 in 2016, at a CAGR of approximately 3.4%. During the same period, the Grade B office rental per square foot per month in Hong Kong increased from HK\$35.2 in 2011 to HK\$45.9 in 2016, at a CAGR of approximately 5.5%. It is expected that the Grade A office rental per square foot per month in Hong Kong will increase from HK\$67.8 in 2017 to HK\$77.0 in 2021, at a CAGR of approximately 3.2%. During the same period, the Grade B office rental per square foot per month in Hong Kong is expected to increase from HK\$47.9 in 2017 to HK\$56.1 in 2021, at a CAGR of approximately 4.0%.

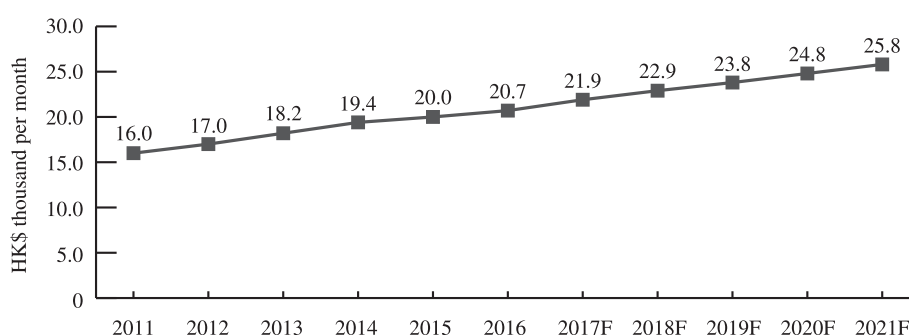
Notes: The office districts studied include Sheung Wan, Central, Wan Chai, Causeway Bay, North Point, Quarry Bay, Tsim Sha Tsui, Yau Ma Tei, Mongkok, Kowloon Bay and Kwun Tong.

INDUSTRY OVERVIEW

Grade A office refers to offices with features including modern high-quality finishes; effective central air-conditioning; good lift services zoned for passengers and goods delivery; professional management; with parking facilities normally available.

Grade B office refers to buildings with ordinary design and good quality finishes; flexible layout; average-sized floor plates; adequate lobbies; central or free-standing air-conditioning; adequate services; good management; while parking facilities are not essential.

Median monthly wage in the Financial Printing Services Industry in Hong Kong from 2011 to 2021



Sources: Census and Statistics Department, HKSAR; Ipsos research and analysis

The median monthly wage in the financial printing services industry increased from HK\$16.0 thousand per month in 2011 to HK\$20.7 thousand per month in 2016, at a CAGR of 5.3%. It is expected that the median monthly wage in the financial printing services industry will increase from HK\$21.9 thousand per month in 2017 to HK\$25.8 thousand per month in 2021, at a CAGR of approximately 4.2%.

Opportunities to the financial printing services industry in Hong Kong

Strengthening IPO market in Hong Kong

As printing IPO prospectuses is one of the major revenue sources of the financial printing services industry, the number of newly listed companies in Hong Kong greatly affects the business of the financial printing services industry. Due to Hong Kong's economic freedom, the absence of exchange controls and its favorable time zone location, Hong Kong's stock market was the eighth largest in the world and the fourth largest in Asia in terms of market capitalisation as of the end of June 2016. Hong Kong was among the most active markets for IPO funds raised globally from 2009 to 2016.

INDUSTRY OVERVIEW

Expected increase in the number of listed companies

Listed companies on the Main Board and GEM of the Stock Exchange are required to publish financial reports regularly for the purpose of disclosing the business performances of the past year. Therefore the demand for printing financial reports is dependent on the number of listed companies in Hong Kong. The number of listed companies increased at a CAGR of about 5.7% from 2011 and 2016. Consequently, the demand for printing financial reports is expected to increase.

Besides financial reports, listed companies may be required to print other materials such as circulars. Therefore, an increasing number of listed companies results in a growing demand for financial printing services.

Favorable regulations to financial printing services industry

The stock price of the listed companies on the GEM experienced intense fluctuations in the past few years due to high shareholder concentration, influencing the reputation of Hong Kong stock market. The SFC and the Stock Exchange released a joint statement in January 2017, criticising newly listed companies which distribute a large proportion of placing to few places, causing a high shareholding concentration. The SFC has implemented measures to improve the stock market quality and will carry out stricter supervision on GEM listings, especially for companies planning to be listed by placing. This will result in more companies being listed by public offering instead of solely by placing. As the number of prospectuses needed in a public offering may be larger than that in a placing, this may bring business opportunities to the financial printing services industry.

Threats to the financial printing services industry in Hong Kong

Increasing scrutiny of IPO listing applicants by the Stock Exchange

According to a guidance letter published by the Stock Exchange in June 2016 (HKEX-GL68-13A), the listing requirements with regards to small market capital companies are increasing. This may lead to relatively slower IPO listing process and potentially a reduced number of IPO listings, which therefore may pose a threat to the financial printing services industry in Hong Kong.

Difficulty on hiring skilled workers

Since most financial printing service providers operate 24 hours a day, 7 days a week, they have to hire night shift skilled workers such as typesetters, designers and proofreaders. Due to the effect of the Minimum Wage Ordinance effective in May 2011 and the relatively low unemployment rate, which was 2.9% as of December 2017, hiring skilled workers who are willing to take night shifts may become a challenge. In the future, staff costs may continue to increase due to the intense competition for experienced employees.

INDUSTRY OVERVIEW

Increasing environmental awareness may reduce the volume of printed publications

Rising use of the internet and increasing environmental awareness may reduce the volume of printed publications, such as financial reports. Moreover, the mandatory requirement to publish announcements in newspapers was abolished in June 2008. The Stock Exchange website has become the preferred platform for publishing information. Therefore, the decreasing number of printed publications may potentially pose a threat to the financial printing services industry in Hong Kong.

Unforeseen changes in the global economic and political environment

If Hong Kong experiences any sudden downturn in the economic and political environment due to global events beyond the control of the Group, such as natural disasters and terrorist attacks, fund raising activities and other transactions by listed companies in Hong Kong may be deterred and the number of documents required to be published may be reduced.

Future trends and development of the financial printing services industry in Hong Kong

Increasing demand from the Chinese market

In the recent years, many Chinese companies have turned to Hong Kong-based financial printing companies for financial printing services. These companies are seeking to raise international profiles by clearly communicating with investors and public through financial reports and corporate social responsibility statements.

The Stock Exchange released a consultation conclusion in December 2017 entitled “Review of the Growth Enterprise Market (GEM) and Changes to the GEM and Main Board Listing Rules”. The consultation conclusion states new listing rules. For the transfer mechanism from GEM to Main Board, transfer applicants may need to publish a listing document instead of a transfer announcement. Financial printing services industry may benefit from the new transfer mechanism as the printing volume for each transfer application is expected to be higher. The revenue generated from this section may therefore increase. However, as the requirements for listing applications for both GEM and Main Board have been increased, the number of listing applications may be impacted by the new listing rules. The potential effects upon the implementation of new listing rules are uncertain.

Growing number of additional services

The existing financial printing service providers are providing additional services over the basic printing packages to customers to differentiate themselves from others. These services include design for financial reports, translation and copywriting services, business promotion solutions, as well as providing conference rooms for meetings when necessary and introducing virtual data room services in order to increase the efficiency of reporting and printing processes.

REGULATORY OVERVIEW

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

OCCUPATIONAL SAFETY AND HEALTH ORDINANCE

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) is purported to ensure the safety and health of employees and improve the safety and health standards applicable to certain hazardous processes, plant and substances used or kept in workplaces.

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

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

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour may also issue improvement notices against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to one year.

EMPLOYEES' COMPENSATION ORDINANCE

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

REGULATORY OVERVIEW

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

Pursuant to the Employees' Compensation Ordinance, all employers (including contractors and sub-contractors) are obliged to take out insurance policies to cover their liabilities arising from the Employees' Compensation Ordinance and the common law as a result of injuries sustained by their employees in the course of their employments. Similarly, under section 32 of the Employees' Compensation Ordinance, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. Further, section 40 of the Employees' Compensation Ordinance provides that an employer is not permitted to employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the Employees' Compensation Ordinance.

MINIMUM WAGE ORDINANCE

With effect from 1 May 2017, the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a statutory minimum wage level at HK\$34.5 per hour for every employee employed under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

EMPLOYMENT ORDINANCE

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) provides various employment-related benefits and entitlements to employees. All employees covered by the Employment Ordinance, irrespective of their hours of work, are entitled to basic protection under the Employment Ordinance including, among others, payment of wages (which is defined under the Employment Ordinance to include, among others, remuneration and overtime pay), restrictions on wages deductions and granting of statutory holidays. Employees who are employed under a continuous contract are further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

MANDATORY PROVIDENT FUND SCHEMES ORDINANCE

The Mandatory Provident Fund Schemes (the “MPF”) are defined contribution retirement scheme managed by authorised independent trustees. The Mandatory Provident Fund Schemes Ordinance provides that an employer shall participate in a MPF scheme and make contributions for its employee who is aged between 18 to 65. Under the MPF scheme, an employer and its employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. The maximum level of relevant income for contribution purpose is currently HK\$30,000 per month or HK\$360,000 per year.

OCCUPIERS LIABILITY ORDINANCE

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take reasonable care of the premises in all circumstances so as to ensure that his visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

INLAND REVENUE ORDINANCE

Under section 52(2) of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), every person who is an employer shall, when required to do so by notice in writing given by an assessor appointed under the Inland Revenue Ordinance, furnish a return of all persons employed by him in receipt of remuneration in excess of a minimum figure to be fixed by the assessor or any other person employed by him named by the assessor.

In addition, under section 52(4) of the Inland Revenue Ordinance, where any person who is an employer commences to employ in Hong Kong an individual who is or is likely to be chargeable to tax under Part 3 of the Inland Revenue Ordinance, or any married person, he shall give notice thereof in writing to the Commissioner of Inland Revenue not later than 3 months after the date of commencement of such employment. Under section 52(5) of the Inland Revenue Ordinance, where any person who is an employer ceases or is about to cease to employ in Hong Kong an individual who is or is likely to be chargeable to tax under Part 3 of the Inland Revenue Ordinance, or any married person, he shall give notice thereof in writing to the Commissioner of Inland Revenue not later than 1 month before such individual ceases to be employed in Hong Kong.

COPYRIGHT ORDINANCE

Under the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), a person may incur civil liability for “secondary infringement” if that person possesses, sells, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner.

However, the person will only be liable if, at the time he committed the act, he knew or had reason to believe that he was dealing with infringing copies.

Under section 31 of the Copyright Ordinance, the copyright in a work is infringed by a person who, without the licence of the copyright owner, amongst others, possesses for the purpose of or in the course of any trade or business or sells or lets for hire, or offers or exposes for sale or hire a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

REGULATORY OVERVIEW

The Copyright Ordinance also imposes criminal liability under section 118(1) which provides, among other things, that a person commits an offence if he, without the licence of the copyright owner of a copyright work, makes for sale or hire an infringing copy of the work or possesses an infringing copy of the work with a view to its being, amongst others, sold or let for hire by any person for the purpose of or in the course of that trade or business.

There is a specific provision against copying service business under section 119A of the Copyright Ordinance which imposes criminal liability when a person, for the purpose of or in the course of a copying service business, possesses a reprographic copy of a copyright work as published in a book, magazine or periodical, being a copy that is an infringing copy of the copyright work. The Copyright Ordinance provides, amongst other defences, that it is a defence for the person charged to prove that he did not know and had no reason to believe that the copy of a copyright work in question was an infringing copy of the copyright work.

The Copyright Ordinance provides any person who contravenes sections 118(1) or 119A of the Copyright Ordinance shall be guilty of an offence and shall be liable to a fine of HK\$50,000 and to imprisonment of four years.

Our Directors confirm that they do not have any actual knowledge nor have any reason to believe that any materials submitted by the clients to the Group for printing is an infringing copy of any work within the meaning of the Copyright Ordinance.

TRADE MARKS ORDINANCE

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) provides for the registration of trademarks, the use of registered trademarks and connected matters. Hong Kong provides territorial protection for trademarks. Therefore, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks must be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong).

According to section 10 of the Trade Marks Ordinance, a registered trademark is a property right acquired through due registration under such ordinance. The owner of a registered trademark is entitled to the rights provided by the Trade Marks Ordinance.

Our Group is the registered owner and proprietor of the trademarks as set out in the “B. Further information about our business — 2. Intellectual property rights” in Appendix IV to this prospectus.

Pursuant to section 14 of the Trade Marks Ordinance, the owner of a registered trade mark is conferred exclusive rights in the trade mark. The rights of the owner in respect of the registered trade mark come into existence from the date of the registration of the trade mark which is the filing date of the application for registration, according to section 48 of the Trade Marks Ordinance.

REGULATORY OVERVIEW

Subject to the exceptions in section 19 to section 21 of the Trade Marks Ordinance, any use of the trade mark by third parties without the consent of the registered owner is an infringement of the trade mark. Conducts which amount to infringement of the registered trade mark are further specified in section 18 of Trade Marks Ordinance. Under section 23 and section 25 of the Trade Marks Ordinance, an infringement proceedings will be conducted if an infringement of trade mark takes place and the registered owner is entitled to remedies under the Trade Marks Ordinance.

Trade marks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still be protected by the common law action of passing off, which requires proof of the owner's reputation in the unregistered trade mark and that use of the trade mark by third parties will cause the owner damage.

HONG KONG LAWS AND REGULATIONS RELATING TO THE INDUSTRY

The disclosures and the frequency of publications of some of the content outputs processed by our Group, especially for those in the financial printing projects, are subject to the regulations under certain laws and regulations.

Our clients include companies listed or proposed to be listed on the Main Board or GEM, and the publication of documents by such companies include announcements, circulars, and annual, interim and quarterly reports is subject to, among other Hong Kong laws and regulations, the Listing Rules, the GEM Listing Rules, the Companies Ordinance, the Companies (WUMP) Ordinance and the SFO.

Our clients, as listed or proposed to be listed companies on the Main Board or GEM, are required to comply with all applicable laws and regulations, including but not limited to the Listing Rules, the GEM Listing Rules and the SFO. In accordance with the Listing Rules and GEM Listing Rules, listed companies are required to disseminate corporate information to the public by way of announcements, circulars and financial reports, and in the case of IPOs, required to issue listing documents to the public within the stipulated time frame.

OVERVIEW

Our history can be traced back to 2009 when Mr. Chan founded our main operating subsidiary EDICO. Being an entrepreneur with experience in management of enterprises engaged in a number of industries, Mr. Chan had been looking for profitable business opportunities. In 2009, he learned from certain of his business acquaintances, whom he met through his participation in an association, in which Mr. Chan is a member and whose members are people mainly from the same hometown, or through other business occasions, in the capital market about the prospect of financial printing services. As certain of these business acquaintances had participated in listing exercises, Mr. Chan had developed his knowledge in the services provided by financial printing service companies. With his belief in the growth of the stock market in Hong Kong and the demand for premium financial printing services, Mr. Chan set up EDICO in October 2009 with his personal savings to provide a wide range of financial printing services including typesetting and proofreading, translation, design, printing and binding, distribution and media placement services.

In June 2011, pursuant to our expansion plan and our commitment to provide integrated financial printing services, TOD was set up as our operating subsidiary to provide translation services. We believe that having an in-house translation team enables us to have better project management as we would have direct control over the operation of our translation services. Accordingly, we have since provided some of our translation services through our in-house translation team.

Since the establishment of our Group, we are committed to provide integrated financial printing services for our customers mainly in the financial and capital markets in Hong Kong.

Our milestones

The following table outlines the key milestones in the history of our Group:

Year	Milestones
2009	EDICO was established
2010	We completed our first IPO project
2011	We obtained our first award in Astrid Awards 2011
	TOD was established
	We hired our first disabled employee
2012	Our Group mascot “Probo” was launched
2016	We were recognised as the “Market Leader in Printing Agency” by the Hong Kong Institute of Marketing
	EDICO was awarded the “Appreciation Reception for Employers 2016”
	EDICO was awarded the “5 Years Plus Caring Company Logo”

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our corporate history

As at the Latest Practicable Date, the major operating subsidiaries of our Group includes EDICO and TOD. The details of our major operating subsidiaries and other investment holding subsidiaries are listed below.

Our Company

Our Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law on 20 May 2016 in anticipation of the Listing. Upon incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On 20 May 2016, one Share was allotted and issued nil paid to the initial subscriber, being an Independent Third Party, and the said Share was transferred to Achiever Choice on the same date. Our Company was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 13 December 2016. As part of the Reorganisation, our Company became the ultimate holding company of our Group.

EDICO

EDICO was incorporated in Hong Kong with limited liability on 9 October 2009. Upon incorporation, the share capital of EDICO was HK\$10,000 divided into 10,000 shares of HK\$1.00 each and on the date of incorporation, 1,000 shares were allotted and issued to Mr. Chan at nominal consideration, credited as fully paid. On 16 October 2009, Mr. Chan transferred the entire issued share capital of EDICO to High Data at a total consideration of HK\$1,000, credited as fully paid.

In around January 2010, in order to meet our capital needs and to obtain external capital funding, Mr. Chan invited the Former Shareholder, being an acquaintance of Mr. Chan and an Independent Third Party, to invest into EDICO. Mr. Chan knew the Former Shareholder at a social gathering function in around 2008. The Former Shareholder is an investor and mainly invests in the stock market. Accordingly, on 4 January 2010, pursuant to a shareholder's resolution, the authorised share capital of EDICO was increased from HK\$10,000 divided into 10,000 shares of HK\$1.00 each to HK\$100,000 by the creation of 90,000 shares of HK\$1.00 each. On the same day, EDICO allotted (i) 79,000 shares to High Data, credited as fully paid, and (ii) 20,000 shares to the Former Shareholder at a total consideration of HK\$11 million, which had been fully settled. After the allotment, EDICO was owned as to 80% and 20% by High Data and our Former Shareholder respectively. Pursuant to our Group's expansion plan, we also obtained additional capital that advanced by the Former Shareholder in between April 2010 and August 2010 for an aggregate amount of HK\$5 million.

After considering the then business operations and financial position of EDICO and the potential need for further capital injection, the Former Shareholder decided to dispose of the 20% of the then shareholding in EDICO at a price lower than the initial investment to avoid further capital commitment. On 28 February 2011, as mutually agreed, the Former Shareholder's entire shareholding in EDICO, representing 20% of the then issued share capital of EDICO, was transferred to High Data at the consideration of HK\$5 million, which was determined with

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

reference to the then financial position of EDICO and the potential capital commitment to be required and after arm's length negotiation between Mr. Chan and the Former Shareholder. On the same date, the Former Shareholder also assigned to Mr. Chan the advance at an aggregate amount of HK\$5 million previously made to EDICO at par and agreed that the consideration for such assignment, together with an interest of 3% per annum, shall be settled by Mr. Chan within a period of three years from the assignment. Such consideration and relevant interest was settled by Mr. Chan on 11 January 2013. Following the shares transfer on 28 February 2011, EDICO became a wholly-owned subsidiary of High Data and upon completion of the Reorganisation, an indirect wholly-owned subsidiary of our Company.

EDICO is the main operating subsidiary of our Company and carries on the business of the provision of our integrated financial printing services for the financial sector in Hong Kong.

TOD

TOD was incorporated in Hong Kong with limited liability on 10 June 2011. Upon incorporation, its share capital was HK\$10,000 divided into 10,000 shares of HK\$1.00 each and on the date of incorporation, 10,000 shares were allotted and issued to High Strength, credited as fully paid. TOD is one of our main operating companies and carries on the business of the provision of our in-house translation services. Upon completion of the Reorganisation, TOD became an indirect wholly-owned subsidiary of our Company.

Huge Alliance

Huge Alliance was incorporated in Hong Kong with limited liability on 22 October 2009. Upon incorporation, the authorised share capital of Huge Alliance was HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, one subscriber share was allotted and issued as fully-paid to the initial subscriber, which was subsequently transferred to EDICO on 10 November 2009 at a total consideration of HK\$1.00, credited as fully paid. On 11 November 2009, pursuant to a shareholder's resolution, the authorised share capital of Huge Alliance was increased from HK\$10,000 divided into 10,000 shares of HK\$1.00 each to HK\$500,000 by the creation of 490,000 shares of HK\$1.00 each. On the same day, 499,999 shares were allotted to EDICO at nominal value, credited as fully paid. Huge Alliance is the tenant of our Central Office. Upon completion of the Reorganisation, Huge Alliance became an indirect wholly-owned subsidiary of our Company.

ORTUS

ORTUS was incorporated in Hong Kong with limited liability on 18 May 2011. Upon its incorporation, the authorised share capital of ORTUS was HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the date of incorporation, one share was allotted and issued at nominal value to High Data, credited as fully paid. As at the Latest Practicable Date, ORTUS does not carry out any business operations. Upon completion of the Reorganisation, ORTUS became an indirect wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

High Data

High Data was incorporated in the BVI with limited liability on 18 September 2009. Upon incorporation, High Data was authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1.00. On 29 September 2009, 1,000 shares in High Data were allotted and issued to Mr. Chan, being its sole shareholder, at a total consideration of US\$1,000, credited as fully paid. After the allotment, the issued share capital of High Data became US\$1,000 divided into 1,000 shares of US\$1.00 each. On 16 January 2018, pursuant to the Reorganisation, High Data became an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed “Reorganisation” in this section.

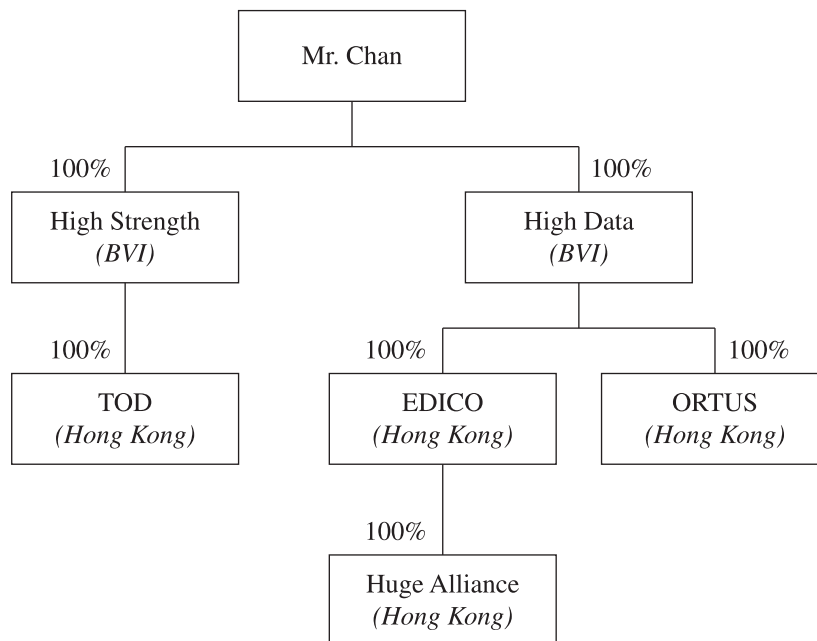
High Strength

High Strength was incorporated in the BVI with limited liability on 19 August 2009. Upon incorporation, High Strength was authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1.00. On 13 October 2009, 1,000 shares in High Strength were allotted and issued to EDICO, being its sole shareholder, at a total consideration of US\$1,000, which was fully settled on 6 November 2009. After the allotment, the issued share capital of High Strength became US\$1,000 divided into 1,000 shares of US\$1.00 each. On 1 June 2011, EDICO transferred the 1,000 shares in High Strength it held to Mr. Chan at a total consideration of US\$1,000. On 16 January 2018, pursuant to the Reorganisation, High Data became an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed “Reorganisation” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

The shareholding structure of our Group immediately prior to the implementation of Reorganisation is illustrated below:



In preparation for the Listing, our Group has undergone the Reorganisation and the steps are as follows:

Incorporation of Achiever Choice, Top Achiever and our Company

On 18 April 2016, Achiever Choice was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1.00 and its issued share capital is US\$1.00 divided into one share of US\$1.00, which had been fully paid and is legally and beneficially owned by Mr. Chan.

On 1 April 2016, Top Achiever was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US\$1.00, of which one share of US\$1.00 was allotted and issued on 12 May 2016 to Achiever Choice at the consideration of US\$1.00, credited as fully paid.

On 20 May 2016, our Company was incorporated as an exempted company in the Cayman Islands under the Companies Law, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued nil paid to the first subscriber, an Independent Third Party, and the said Share was then transferred to Achiever Choice on the same date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition of the entire beneficial interests in High Data and High Strength by Top Achiever

On 15 January 2018, Mr. Chan transferred the entire issued share capital of High Data to Top Achiever for a consideration which was satisfied by Top Achiever allotting and issuing one new share in Top Achiever to Achiever Choice at the direction of Mr. Chan, credited as fully paid. After completion of the above transaction, High Data became a direct wholly-owned subsidiary of Top Achiever.

On 15 January 2018, Mr. Chan transferred the entire issued share capital of High Strength to Top Achiever for a consideration which was satisfied by Top Achiever allotting and issuing one new share in Top Achiever to Achiever Choice at the direction of Mr. Chan, credited as fully paid. After completion of the above transaction, High Strength became a direct wholly-owned subsidiary of Top Achiever.

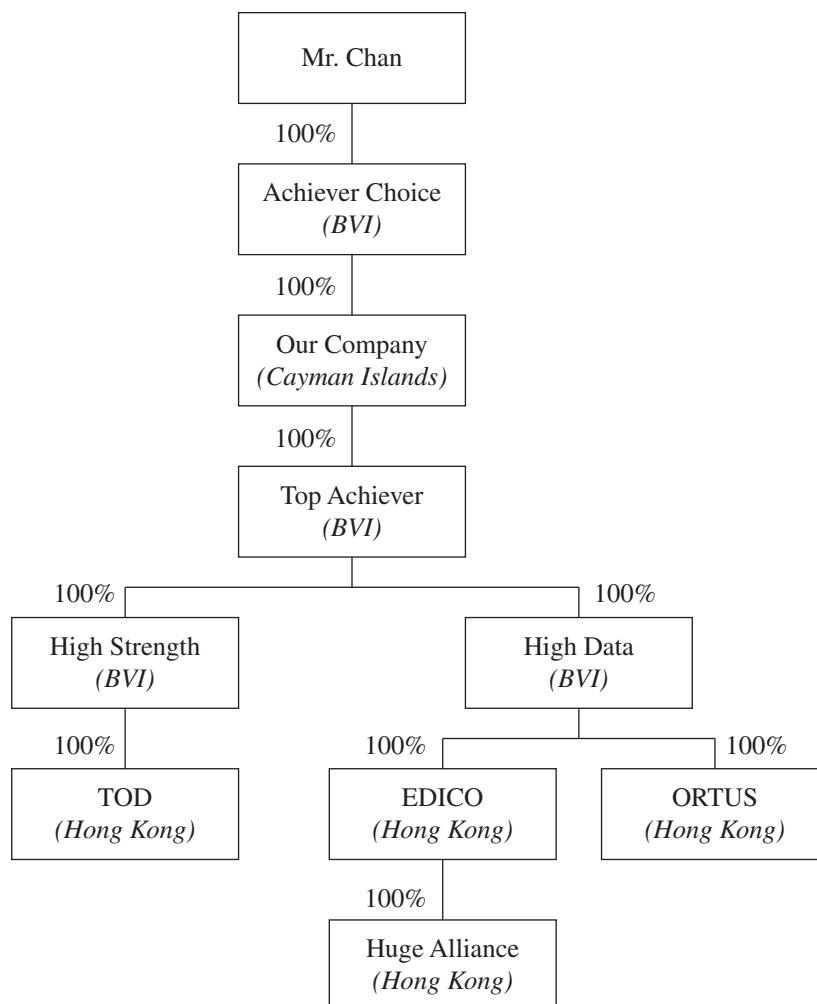
Acquisition of entire beneficial interests in Top Achiever by our Company

On 16 January 2018, Achiever Choice transferred the entire issued share capital of Top Achiever to our Company. The consideration was satisfied by (i) the allotment and issue of 99 Shares, credited as fully paid, to Achiever Choice, and (ii) the crediting as fully paid the one nil paid Share registered in the name of Achiever Choice. After completion of the transaction, Top Achiever became a direct wholly-owned subsidiary of our Company.

All of the abovementioned transactions pursuant to the Reorganisation have been properly and legally settled and completed.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following diagram sets forth our shareholding structure immediately after the completion of the Reorganisation but prior to completion of the Capitalisation Issue and the Share Offer:



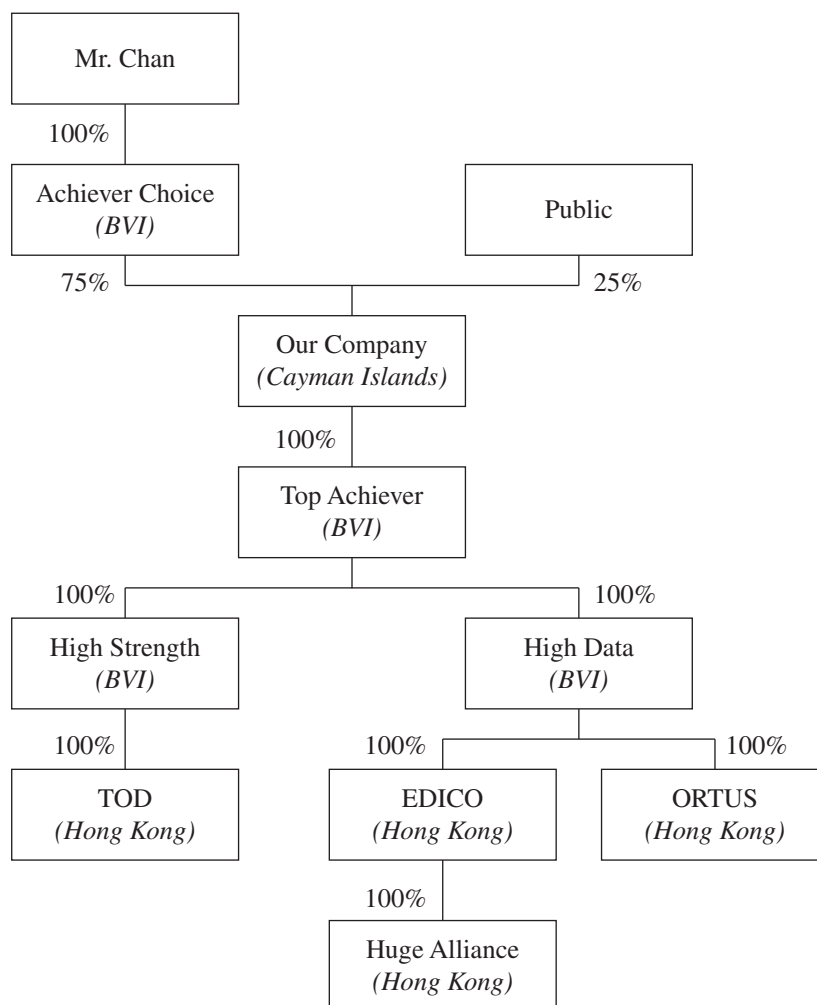
Capitalisation Issue and Share Offer

Conditional on the share premium account of our Company being credited with the proceeds from the allotment and issue of 250,000,000 Shares pursuant to the Share Offer, HK\$7,499,999 will be capitalised from the share premium account of our Company and applied in paying up in full at par 749,999,900 new Shares to be allotted and issued to Achiever Choice on or before Listing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate Structure

The following chart sets out our shareholding structure immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):



Each of the Controlling Shareholders confirmed that he/it holds ultimate interests in the Company and the Group's operating subsidiaries and there is no nominee holding structure on behalf of any other parties.

OVERVIEW

We are principally engaged in the business of providing 24-hour integrated printing services for customers mainly in the financial and capital markets in Hong Kong. We offer a range of integrated services to our customers, including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. As part of our integrated services to serve the different needs for our customers, we also provide ancillary services such as the provision of conference room facilities, which is frequently used by our customers in the preparation of their applications for listing on the Stock Exchange. Our customers are mostly companies listed or which were/are applying to be listed on the Stock Exchange and accordingly we mainly provide services for the handling of documents derived from the requirements of the Listing Rules and the GEM Listing Rules.

During the Track Record Period, we mainly handled four categories of documents, namely (i) listing-related documents which mainly refers to prospectuses and relevant announcements; (ii) periodical reporting documents that companies listed on the Stock Exchange are required to publish in accordance to the Listing Rules and GEM Listing Rules; (iii) compliance documents such as announcements and circulars; and (iv) other miscellaneous and marketing collaterals including corporate brochures and calendars.

We provide some of our translation services through our in-house translation team. We generally consider allocating our translation works to our in-house translation team first so as to have better project management and direct control over the operations of our translation services. Our in-house translation team is led by an experienced translator in whom we believe that his over eight years of experience in the translation industry contributes to our ability to serve the various translation needs of our customers in a direct and effective way. In addition, in order to utilise our resources more efficiently and ensure timely delivery of translation services to our customers, we also subcontract some translation works to external independent translation service providers on project-by-project basis. Due to the high capital requirement to set up printing factories and as we are committed to focus on our core business aspects, we subcontract all of our printing and binding and distribution services to independent printing subcontractors and logistics service providers in Hong Kong.

With our commitment to provide premium integrated financial printing services to our customers, we have established ourselves as one of the major market players in the financial printing industry and were ranked 9th among the financial printing services providers in Hong Kong in terms of revenue in 2016 with market share of approximately 4.2%, according to the Ipsos Report. The availability of an in-house translation team and an experienced design team further strengthens our position as one of the major financial printing service providers in Hong Kong, according to the Ipsos Report.

For the three years ended 30 September 2017, our total revenue amounted to approximately HK\$65.3 million, HK\$76.7 million and HK\$84.2 million respectively. For further details of our financial performance, including the revenue by category of documents we handle and our

customers, please refer to the paragraph headed “Financial Information — Management Discussion and Analysis of Financial Condition and Results of Operations of Our Group — Revenue” in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths differentiate us from our competitors and position us well for future growth:

We have a stable, experienced and capable management team

We have a stable and experienced team in which most of our department heads have more than ten years of experience in the financial printing industry. Our management team is led by our Chief Executive Officer and executive Director, Mrs. Donati, who has over 17 years of experience in the financial printing industry. Mrs. Donati has been mainly responsible for overseeing the daily operations of our Group and the strategic planning of our Group’s development since she joined us in 2010. Under her leadership and with her industry knowledge and expertise, we are confident that our management team will lead us to continuous business development and maintain our competitiveness in the financial printing industry in Hong Kong.

In addition, the experience and stability of our department heads have played an important role in our business development and operation. They are responsible for overseeing the provision of services by our staff and ensuring the smooth cooperation between different departments to provide timely services according to the requirements of our customers. For example, our sales representatives, being the first points-of-contact of our customers, have assisted us in establishing and maintaining close relationships with our customers through following up their needs and offering competitive quotations after assessing our internal production costs with the other departments. Accordingly, we are able to maintain close relationships with our customers, provide appropriate services and secure further businesses with our customers.

For further details of the biographies of our Directors and senior management team, please refer to the section headed “Directors, Senior Management and Employees” of this prospectus.

We provide a wide range of services

We provide integrated financial printing services to our customers, which are mainly companies listed or applying to be listed on the Stock Exchange. The relevant services we provide include typesetting and proofreading, translation, design, printing and binding, distribution and media placement. We offer our services both by engagement of specific services and on an integrated project basis. Depending on our customers’ requirements, we are able to handle a wide range of documents including listing-related documents, periodical reporting documents, compliance documents, and miscellaneous and marketing collaterals.

During the three years ended 30 September 2017, seven, three and 11 of our customers that were successfully listed further engaged us for the handling of the periodical reporting or compliance documents upon their listing. We believe that this is a recognition of our ability to cater the different demands of our customers through the spectrum of services we offer. For further details of our services and the documents we handle, please refer to the paragraphs headed “Our Services” and “Our Products” in this section. As at the Latest Practicable Date, we have eight staff in the sales and services department, 30 staff in the operations department, nine staff in the creative and graphic department, three staff in the print, bind and logistics department, and six staff in our translation team to provide our services. Accordingly, we are able to provide most of our services through in-house handling process and we believe that our capability enables us to provide customised services to our customers and better retain existing customers and attract new customers.

We provide premium design services

We believe that design capability plays an integral and important role in the provision of our financial printing services and enhances our competitiveness in the financial printing industry. Accordingly, as at the Latest Practicable Date, we have recruited a team of nine members in our creative and graphic department and they have an average of approximately five years of experience with design and graphic. Our creative and graphic department’s capabilities have been recognised by over 200 awards we have received from international competitions such as the LACP Awards, International ARC Awards, Astrid Awards, Galaxy Awards and Mercury Awards, in which such awards are usually granted towards our Company’s graphic designs on the covers of the annual reports and calendars, recognizing that our designs as being one of the top ones around the globe. Such awards criteria mainly include creativity, clarity, effectiveness, production quality, performance and excellence. For further details of the awards we have received, please refer to the paragraph headed “Awards and recognitions” in this section.

We also believe that artworks and designs are important factors to the handling of our customers’ documents. In particular, according to the Ipsos Report, design capability is an important factor that customers consider when engaging financial printing services providers for the handling of their periodical reporting documents. In addition, as our customers generally obtain the relevant design artworks of their periodical reporting documents prior to engaging us, we involve our creative and graphic department from the beginning of the projects at the quotation and pitching stage to understand the requirements of and prepare direct design artworks to our customers. Our creative and graphic department communicates with our sales representatives and our customers to propose unique and suitable designs. We believe that the involvement of our creative and graphic department at the quotation and pitching stage enhances our service and enables us to provide more suitable designs and more accurate quotes to our customers. Accordingly, we are able to secure business better. For further details about our quotation and pitching process, please refer to the paragraph headed “Business model — quotation and pitching” in this section.

We have professional design equipment, including an in house JUST Normlicht Colour Proof Station and an EIZO computer monitor, which enable us to discuss and would on the design artworks with our customers together within our office premises. The EIZO computer monitor is a professional computer monitor built with accurate colour calibrations for previewing artworks and documents in digital proof. The JUST Normlicht Colour Proof Station provides a colour viewing environment that complies with the professional standard and is also used by some professional designers and printing factories to determine the colour schemes of printed design artworks. Accordingly, our JUST Normlicht Colour Proof Station and EIZO computer monitor enable us to inspect our printed design artworks for inaccuracies in the colour schemes or deficiencies from the requirements of our customers. They also provide conveniences to our customers as they need not travel to the printing factories to inspect and amend the design artworks so as to ensure that the printed designs match their expectations. Accordingly, our creative and graphic department can utilise the JUST Normlicht Colour Proof Station and EIZO computer monitor to provide design services to our customers.

We provide in-house translation services

We provide some of our translation services to our customers through our in-house translation team. The head of our in-house translation team has over eight years of experience in providing translation-related services and he is responsible for leading our in-house translation team to serve the needs of our customers in a direct and effective way.

We believe that having an in-house translation team enables us to have better project management as we have a more direct control over the handling of our translation works. We may also be able to accommodate our customers' demand for ad-hoc, standalone and urgent translation services without incurring substantial subcontracting costs for the subcontracting of such translation works to our translation subcontractors. In addition, we allocate our translation works between our in-house translation team and our translation subcontractors flexibly, which we generally consider allocating our translation works to our in-house translation team first and engage our translation subcontractors when needed. We believe such arrangement enables us to utilise our internal resources and control our operation costs efficiently and effectively.

We have established long and stable relationships with our subcontractors

We subcontract some translation works and all printing works to our subcontractors in order to focus our resources on our core business aspects and to utilise our capital more efficiently. Accordingly, we regularly engage a number of independent subcontractors, including translation companies and printing factories in Hong Kong and the PRC. For the three years ended 30 September 2017, we engaged 12, 15 and 12 translation subcontractors and nine, ten and eight printing subcontractors respectively. We have established long and stable working relationships with most of our subcontractors. For the three years ended 30 September 2017, five, five and four of our top five subcontractors have worked with us for more than three years. We believe that the strength of our working relationship with our

subcontractors is sufficient to safeguard a continuous supply of printing and translation services and therefore we have not entered into any long-term or exclusive agreements with our subcontractors. We also believe that this arrangement maintains our operational flexibility.

Our chief operations officer and head of print, bind and logistics department, who have over 15 and 12 years of experience in the financial printing industry respectively, are responsible for selecting our subcontractors. We select our subcontractors based on a list of criteria, such as their availability to undertake our projects, turnaround speed, quality and reliability of services and price competitiveness. For further details about our criteria to select our subcontractors, please refer to the paragraph headed “Our suppliers — criteria for selecting our subcontractors” in this section.

We have a centralised information management system and facilities

We have created Prodo, a centralised information management system used for project management and customer relationship management. We input and record project details in the system, including project numbers, instructions received, and actions taken by our teams. With our centralised system, we can monitor the progress of our projects accurately and log the actions of our teams, which enable us to review our responsiveness to our customers’ requests. We believe that Prodo enables us to keep track of the handling of our customers’ documents and ensure that we complete the requests of our customers in a timely manner.

In addition, we have a Press Room for our customers to observe and participate in the operation of e-Submission and upload of documents to the relevant issuers’ websites. Our JUST Normlicht Colour Proof Station and EIZO computer monitor are also stationed in our Press Room for our customers to inspect and amend our design artworks. Accordingly, we believe that the Press Room can assist us to provide additional service and shows our commitment to providing premium services.

BUSINESS STRATEGIES

We aim to maintain our position as a premium service provider of integrated financial printing services through the following strategies:

Upgrading our Central Office and setting up the New Office

Our Directors intend to relocate our Kowloon Office to the New Office, an office premises of about 4,000 to 5,000 square feet in Central and Western District that we intend to rent upon the expiration of the tenancy agreement of our Kowloon Office in August 2018. The saleable floor area of Central Office and Kowloon Office are 8,479 square feet and 1,985 square feet respectively. The closer proximity between our New Office and our Central Office compared to that between our Kowloon Office and our Central Office would allow centralisation of our various offices in Hong Kong Island for optimising our business operations and increasing operational efficiency by enhancing communications between our staff stationed in the respective offices.

It is our Directors' intentions that the New Office shall have an area of about 4,000 to 5,000 square feet, which is more spacious than our Kowloon Office, and could accommodate more staff and conference room facilities for the use of our customers in the event that the conference room facilities in our Central Office are fully-booked or inaccessible. During the three years ended 30 September 2017, there were 167, 174 and 206 days that the conference rooms in the Central Office were fully booked. The bookings of conference rooms by customers are on a first-come-first-serve basis. During the Track Record Period, we had been unable to fully entertain some of our clients' request for conference rooms facilities and we had to require our clients to adjust their workplan for arranging meeting places outside our office. According to Ipsos Report, the availability of conference room facilities is an important factor that customers may consider when selecting their financial printing service providers. In addition, the Directors consider that the timely provision of conference room facilities to our customers could satisfy their needs by enhancing the efficiency of our customers' and other professional parties' works. During the Track Record Period, we have offered ten conference room facilities as an ancillary service to our customers, which are mainly used by our customers that were applying to be listed on the Stock Exchange. As we have experienced full-bookings of our conference room facilities and in light of our business operations, we plan to strengthen the services we offer by providing additional conference room facilities to our customers in our New Office. The New Office is also intended to serve as an operations centre that houses some of our operational staff, including the relocation of some of our staff from our Central Office and station of some of the new staff that we plan to recruit. It is planned that the New Office will set up about three conference rooms and each of them will be able to accommodate approximately 20 persons.

We also plan to further enhance our competitiveness by upgrading our Central Office, including renovating the office premises and upgrading our conference room equipment. The Central Office has been used as our primary office premises since the commencement of our business in 2010 and in light of the market competition and facilities offered by our competitors, we may be less competitive if we are unable to provide upgraded facilities. According to the Ipsos Report, customer experience is an important factor when customers select their financial printing service providers. Therefore, we intend to upgrade our conference room equipment, such as acquiring more advanced video conference equipment. We believe the renovation and upgrade of facilities will provide convenience to our customers and enhance customer experience, which would enable us to retain our existing customers and attract new customers.

The Directors intend to commence the renovation for the Central Office during the period from December 2017 to January 2018. Since the renovation is going to be conducted (i) during non-peak seasons; and (ii) in several phases in different areas, the Central Office will be able to continue its business operations and therefore the Directors are of the view that the renovation works would not cause a material adverse effect to the Group's operations and financial position.

We intend to apply approximately 48.4% of the estimated net proceeds from the Share Offer, being approximately HK\$15.6 million, to upgrade our Central Office and set up the New Office. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

The Directors have considered the possibility of acquiring a commercial property in Hong Kong Island as our new office in order to reduce the rental expenses, eliminate the risk of relocation upon expiry of tenancies, and avoid the renovation costs incurred at each time of relocation. The Directors will review the business strategies of the Group from time to time in order to formulate sound development plans to enhance the investment returns of the Company and our Shareholders. However, having taken into consideration the recent uprising commercial property market, the Directors are currently of the view that it is not opportune for the Group to purchase any commercial property in the coming two years.

Expanding our workforce

Our employees are important strategic resources for our success and development. We believe that their skills, experience and commitment would assist us in realising our expansion plans. Accordingly, we intend to continue providing trainings to our staff to improve their skills and develop their potentials, such as providing induction training to all new staff and other regular departmental and office-wide training to all staff. We also intend to continue providing various staff benefits, including medical insurances and marriage paid leaves. For further details of the relationship with our employees, please refer to the paragraph headed “Employees” in this section.

In addition, we intend to expand our workforce by recruiting 21 employees to assist our expansion. For example, we intend to recruit four sales representatives to manage our relationships with our customers, ten members of the operations department to handle our documents, and seven translators for providing our translation services. We believe that by recruiting additional experienced and motivated employees, we could accommodate the growing needs of our customers and the requests for customised services such as specific design outputs.

We intend to apply approximately 26.0% of the estimated net proceeds from the Share Offer, being approximately HK\$8.4 million, to expand our workforce. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

Upgrading and acquiring equipment and software

Our equipment and information technology system is an essential and integral resource for the continual provision of our services. We rely on Prodo to manage the projects and other third party software to prepare and handle the documents requested by our customers. In particular, we use specific design software to prepare creative content output and handle the documents requested by our customers. We believe that the use of such software has enabled us to meet the growing demands and requirements of our customers, such as shorter

turnaround time for the handling of documents and three-dimensional content in our design outputs. Accordingly, we intend to upgrade and acquire technology equipment and software, which we also believe would strengthen our market position and enhance our competitiveness.

We plan to upgrade our existing software to include new features. Some features could enhance our operational efficiency by automating certain processes in the handling of the projects, including (i) upgrading Prodo to include advanced and automated project management system; (ii) upgrading the system used by our composition team for typesetting and proofreading documents; and (iii) upgrading our email infrastructure with enhanced email storage capacity and email processing speed. In addition, we also intend to upgrade the design software used by our creative and graphic department to cope with the increasing demand for new design features by our customers and be compatible with the advanced equipment to be acquired by our Company as mentioned below.

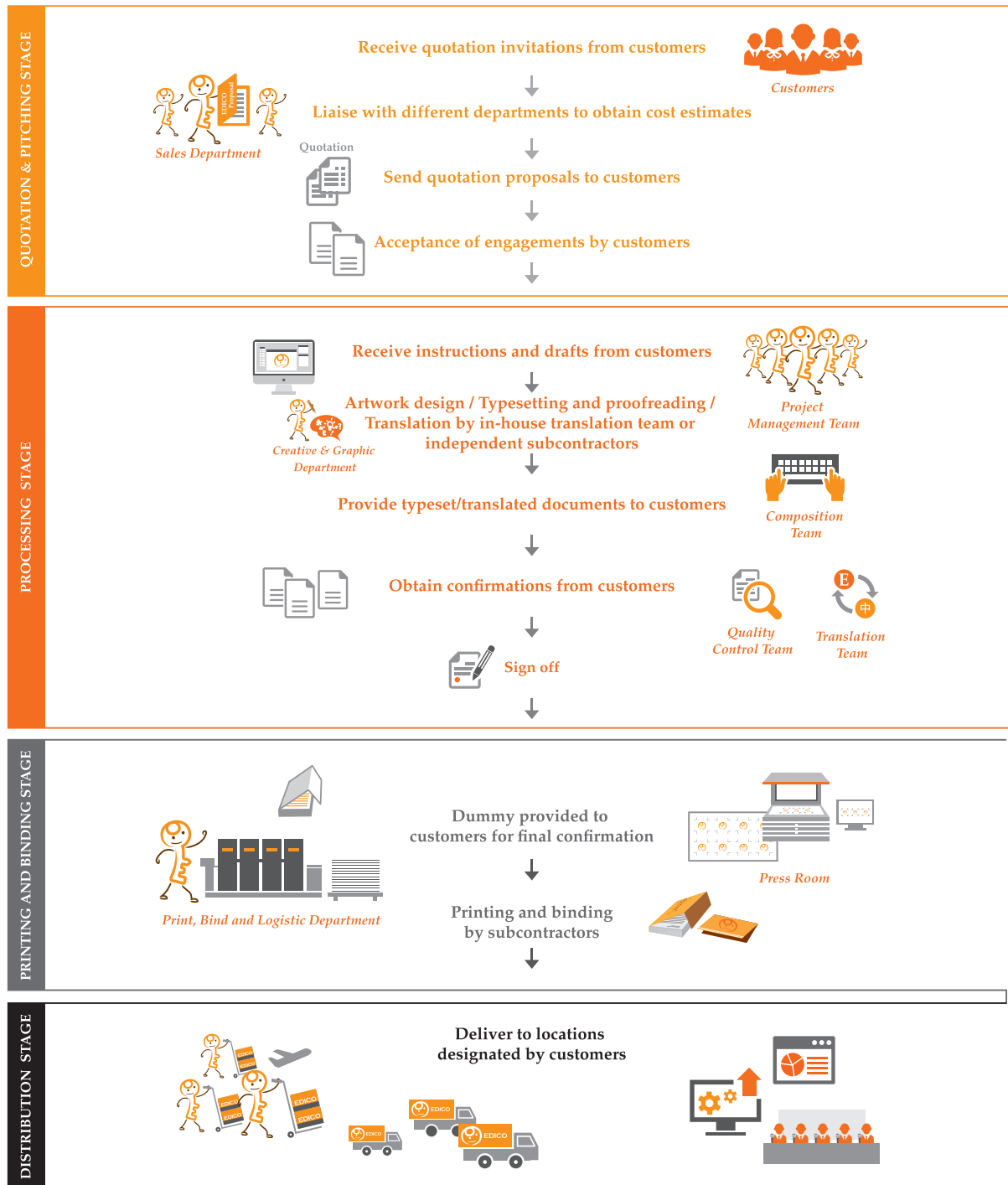
As we believe that design artworks are one of the decisive factors that our customers consider when engaging us to handle periodical reporting documents, we intend to continue strengthening our existing premium design services by acquiring advanced equipment such as live drawing tablets and professional-graded computer monitors for design purposes. With the new equipment, we believe that our design capabilities would be enhanced to improve on the quality of design artworks such as dummy artworks, and to include new design features such as three-dimensional design artworks. As such, we believe acquiring new equipment would further strengthen our existing design capabilities and would assist us in retaining existing customers and attracting new customers.

The Group's major computer equipment had not been replaced since the commencement of the Group's business. The average useful life of the major computer equipment had ended for approximately one year but they are still operational. During the Track Record Period and up to the Latest Practicable Date, the Company had not encountered any downtime of its major computer equipment which caused material disruption to the Company's operations. Nevertheless, it is the Directors' intention to replace these major computer equipment in order to ensure functionality of the equipment to avoid interruption of services provided to customers.

We intend to apply approximately 15.6% of the estimated net proceeds from the Share Offer, being approximately HK\$5.0 million, to upgrade and acquire equipment and software. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

OUR BUSINESS MODEL

We provide integrated financial printing services for clients mainly in the financial and capital markets in Hong Kong, including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. We offer our services both by engagement of specific services and on an integrated project basis. Our business operation for the integrated projects includes four stages: (i) quotation and pitching; (ii) processing; (iii) printing and binding; and (iv) distribution. The diagram below represents the general work flow of our operations:



Quotation and pitching

We provide quotation on a project-by-project basis to our potential and existing customers.

Our sales representatives are responsible for preparing quotations. Upon receiving invitations from our customers, our sales representatives communicate with them to learn about their needs and details of the projects. Our sales representatives then liaise with our different departments to obtain the estimate of processing costs for translation, printing and binding and distribution. Our operations department is responsible for estimating our translation costs based on factors including the nature and length of the document whereas our print, bind and logistics department is responsible for estimating our printing costs based on factors including our customers' preferences and the capacity and engagement costs of our printing subcontractors.

Our creative and graphic department is also involved in this stage for projects relating to periodical reporting documents as customers usually consider design as an important factor in engaging financial printing service providers, according to the Ipsos Report. Based on the requirements and preferences of our customers, our creative and graphic department designs the artworks, prepares and presents the dummy designs, being physical copies of our proposed design artworks, to our customers. In general, after our designs have been generally accepted, the details of the quotations would be finalised by our sales representatives with our customers.

Our sales representatives then prepare the quotations and our head of sales and services department reviews and approves the quotations based on a number of factors, including the type of project, our price competitiveness, services to be provided, turnaround speed, and special requirements from our customers. The quotations are then passed to our customers. Our submissions of tenders for certain projects as requested by our customers also follow similar preparation processes.

We proceed to commence the processing of our customers' documents upon acceptance of the quotations or confirmation of engagement by our customers.

Processing

Upon receiving instructions from our customers and/or other professional parties, our project management team, which acts as our point of contact, performs preliminary checks on the drafts to ensure the incoming instructions are clear and seeks clarifications if necessary. The instructions are then passed to our composition team, in-house translation team or translation subcontractors, or creative and graphic department for typesetting and proofreading, translation, printing and design respectively, as the case may be.

For translation work, our project management team passes the instructions to our in-house translation team or the responsible translation subcontractors. After the instructions have been translated, they are passed to our composition team for typesetting.

During the processing stage, our creative and graphic department continuously revises the proposed design artworks according to customers' feedbacks, which is subsequently typeset by our composition team. We also offer to perform inspections of the colour scheme of our designs on the JUST Normlicht Colour Proof Station or EIZO computer monitor with our customers to ascertain the effects of our designs.

Upon receiving the instructions from our project management team, our composition team typesets the draft documents or translated works and arranges the layout and formatting of the documents, after which the typeset drafts are reviewed by our quality control team. If the typeset documents do not meet the instructions given by customers, they would be returned to our composition team for further amendments. Upon recognising no errors, our project management team releases the documents to our customers.

When the other processing works are substantially completed, our print, bind and logistics department commences preparatory work for the printing of the documents and chooses the suitable printing subcontractor and negotiates with paper suppliers for paper stock selection if needed.

Upon the completion of the above document-processing steps, our customers sign-off the documents. We then prepare the signed-off documents for printing, binding and distribution.

Printing and binding

After the finalised typeset documents are approved and signed-off by our customers, our composition team performs content inspection to check for errors. The appropriate formats of the documents are then generated for the purposes of (i) printing; and (ii) e-Submission and uploading onto the websites designated by our customers.

Our quality control team also performs inspections on the formatting of the documents signed-off by our customers, such as the pagination and proofing sequence. Quality checks regarding the printing aspects, such as the colour schemes and binding methods, are also performed to ensure that the final printed products would meet the requirements of our customers. Thereafter, our print, bind and logistics department executes the bulk printing procedure by passing the printing instructions, together with our specifications on the final products, to our printing subcontractors.

Distribution

Upon completion of the printing and binding process, our printing subcontractors deliver the printed documents to the recipients designated by our customers, such as the Stock Exchange, the SFC, receiving banks, CCASS, share registrars, investment banks, and law firms in Hong Kong. For deliveries to designated recipients out of Hong Kong, we enlist independent couriers to provide the services.

We also perform the e-Submission and upload the documents to designated websites on behalf of our customers and offer to perform such process with the presence of our customers in the Press Room. We recognise our projects as completed when the respective documents are submitted to the Stock Exchange and uploaded to the websites designated by our customers.

For our media placement services, we complete our services by (i) uploading the documents to the websites designated by our customers; (ii) publishing the documents in media such as newspaper; and/or (iii) sending the soft copies of the documents to locations designated by our customers.

OUR SERVICES

Our services can be categorised into typesetting and proofreading, translation, design, printing and binding, distribution and media placement.

Typesetting and proofreading

We provide 24-hour typesetting and proofreading services to meet our customers' needs and their timelines. We believe that the accuracy, consistency, and efficiency of our typesetting and proofreading services are the main factors of our customers' concerns. Accordingly, as at the Latest Practicable Date, we have 30 members in our operations department to provide typesetting services and perform quality control inspections. Our composition team is responsible for typesetting our customers' documents and our quality control team reviews the typeset documents. We compare the typeset documents with the instructions of our customers and release the typeset documents to our customers upon completion of the review.

Translation

We provide English and Chinese translation services to our customers. In particular, our translation services is an integral part of our typesetting and proofreading services, as our customers that are companies listed or applying to be listed on the Stock Exchange are required to submit their listing-related documents, periodical-reporting documents, and compliance documents in both English and Chinese under the requirements of the Listing Rules and the GEM Listing Rules. In addition, we provide translation services to customers on an ad-hoc basis.

We provide our translation services through our in-house translation team and a number of translation subcontractors. As at the Latest Practicable Date, our in-house translation team consists of six employees. In addition, the head of our in-house translation team has over eight years of experience in the translation industry and has managed the translation works of a wide range of documents. We have also completed a number of translation projects under his leadership and are able to serve the needs of our customers from different industries in a direct and effective way. Accordingly, as we believe we would have better project management and more direct control over the quality and operations of our translation services, we generally consider assigning our translation works to our in-house translation team first. As a measure to utilise our resources more efficiently, we also regularly engage a number of independent translation subcontractors, which are

selected based on a number of criteria, including turnaround time, quality and reliability of services and cost of services. For further details, please refer to the paragraph headed “Our suppliers — criteria for selecting our subcontractors” in this section.

During the processing stage, our project management team communicates with our in-house translators and our translation subcontractors to coordinate on the schedule and progress of the translation works. The translated documents are usually reverted to us through e-mails, which are then passed to our composition team for typesetting. Upon completion of typesetting and proofreading, our quality control team performs quality control checks on the typeset translated documents and passes them to our project management team for release to our customers.

Design

We provide design services to our customers, such as the design of the cover and layout of our customers’ IPO prospectuses and periodical-reporting documents. We also participate in ad-hoc design projects for the design of marketing collaterals such as brochures and calendars. Our designs have won over 200 international awards up to the Latest Practicable Date, which is attributable to the effort of our creative and graphic department. Our creative and graphic department is also responsible for the design of our Group’s marketing materials that are distributed to our customers. For further details regarding the awards we have received, please refer to the paragraph headed “Awards and recognitions” in this section.

In general, our creative and graphic department commences preparation of the design artworks by discussing with the customers to understand their requirements and the nature of the intended projects. We then prepare a few draft design artworks based on those findings and turn some of the ideas into dummy designs, being physical copies of the proposed design products. The dummy designs are presented to our customers for selection and further amendments would be made according to customers’ feedbacks if necessary. We also offer to perform inspections of the colour scheme of our design artworks on the JUST Normlicht Colour Proof Station and the EIZO computer monitor with our customers to ascertain the effects of our designs. Amendments are then made accordingly until sign-off by our customers, after which the design artworks would be passed to our composition team for typesetting.

Printing and binding

We provide printing services to our customers for the printing and binding of their documents, which is overseen by our print, bind and logistics department. We also liaise with paper suppliers to select the suitable type of paper for the printing of our customers’ documents and coordinate with our printing subcontractors to ensure that the printing schedules and printing effects meet the requirements of our customers. In addition, we occasionally visit our printing subcontractors to monitor the printing process.

We engage a number of independent printing factories for the printing of our customers’ documents. Due to the tight printing schedule of our customers, we only engage local printing subcontractors who have their factories in Hong Kong. Our printing subcontractors are also

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responsible for delivering the printed documents to locations in Hong Kong designated by our customers. For deliveries to overseas locations out of Hong Kong during the three years ended 30 September 2017, we engaged the service of three, three and two independent couriers respectively.

During the Track Record Period, we have not experienced any major delay of delivery of the printed documents.

Distribution

We engage our printing subcontractors for the distribution of all local delivery of the printed documents. The printed documents are usually delivered to the recipients designated by our customers, such as the Stock Exchange, the SFC, CCASS, share registrars, banks, and law firms in Hong Kong. For deliveries to recipients outside Hong Kong, we engage international couriers to provide the distribution services.

Media placement

We provide media placement services to our customers, which include the placing of content outputs on the internet and in newspapers. According to the Listing Rules and the GEM Listing Rules, listed companies are required to submit electronic copies of financial reports and other Listing Rules and GEM Listing Rules related compliance documents, such as announcements and circulars, on the website of the Stock Exchange. In respect of this, we perform e-Submission and upload the documents to the website of the Stock Exchange and other designated websites on behalf of our customers. We may also publish documents in newspapers upon our customers' instructions.

OUR PRODUCTS

Our products, which are the documents that we handle for our customers, can be categorised into four types, namely listing-related documents, periodical reporting documents, compliance documents, and miscellaneous and marketing collaterals. The following table illustrates the revenue attributable to each category of documents we handle during the Track Record Period:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Listing-related documents	21,506	32.9	26,862	35.0	42,137	50.1
Periodical reporting documents	23,614	36.2	26,323	34.3	24,577	29.2
Compliance documents	15,219	23.3	18,325	23.9	15,613	18.6
Miscellaneous and marketing collaterals	4,990	7.6	5,215	6.8	1,828	2.1
	<u>65,329</u>	<u>100</u>	<u>76,725</u>	<u>100</u>	<u>84,155</u>	<u>100</u>

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Details of documents we handle are summarised below:

Product category	Examples of documents	Details of the documents
Listing-related documents	Listing documents Prospectuses Relevant announcements	<p>According to the Listing Rules and the GEM Listing Rules, a listing document includes a prospectus, a circular and any equivalent document (including documents in relation to a scheme of arrangement and/or introduction documents) issued or proposed to be issued in connection with an application for listing on the Stock Exchange.</p> <p>As various professional parties are involved in a listing project and correspondences with the Stock Exchange and the SFC, there are more rounds of processing in handling listing-related documents as compared to other documents we handle.</p>
Periodical reporting documents	Annual reports Interim reports Quarterly reports	<p>According to the Listing Rules and the GEM Listing Rules, companies listed on the Main Board are required to publish an annual report and an interim report annually, and companies listed on the GEM are required to publish an annual report, two quarterly reports, and an interim report annually.</p> <p>The artwork designs in periodical reporting documents are one of the decisive factors for customers to engage us. Accordingly, our creative and graphic department actively communicates with our customers to understand their requirements and to deliver premium design services.</p>
Compliance documents	Announcements Circulars Notices	<p>According to the Listing Rules and the GEM Listing Rules, companies listed on the Stock Exchange are required to publish announcements and/or circulars under various circumstances, including but not limited to the following:</p> <ul style="list-style-type: none"> (a) where the Stock Exchange considers appropriate; (b) in the cases of notifiable transactions and/or connected transactions as defined in the Listing Rules and the GEM Listing Rules; (c) in the cases of voluntary disclosure by the listed companies; and (d) in the cases of regular announcement, such as monthly returns. <p>Customers for the handling of these compliance documents mainly focus on the timely delivery of such documents to the Stock Exchange and/or other investors. Under normal circumstances, little design services is required for the handling of compliance documents.</p>
Miscellaneous and marketing collaterals	Corporate brochures Leaflets Newsletters Marketing materials Calendars	Ad-hoc projects of our customers for customised products which generally require our design, translation and printing services.

SEASONALITY

We experience seasonal fluctuations in demand for our services and products. We generally experience higher demands for our services in March, April, August and September due to our customers' needs to publish their periodical reporting documents pursuant to the timing requirement as set out in the Listing Rules and the GEM Listing Rules, which states that companies listed on the Main Board and on the GEM are required to publish their annual reports not later than four months and three months after the end of their respective financial years respectively. Accordingly, our financial performance during March, April, August and September, being the peak seasons, may be better than the other periods and may not accurately indicate our overall performance of the entire year. We have taken measures to maintain our performance throughout the entire year, such as maintaining sufficient manpower during peak seasons by rescheduling the rosters of our staff.

SALES AND MARKETING

Our sales representatives are responsible for handling customer relationships and conducting marketing activities to promote our business. As at the Latest Practicable Date, we have five sales representatives. For the three years ended 30 September 2017, we incurred approximately HK\$0.3 million, HK\$0.5 million and HK\$0.2 million as marketing expenses respectively.

Sales

We allocate customer accounts to our sales representatives, who approach our customers to understand their needs and develop business relationships. They approach potential customers through cold-calling and referrals by our existing customers and professional parties. Our sales representatives also maintain regular contacts with existing customers to ensure that we provide timely services. The performance of our sales representatives in maintaining customer relationship is assessed regularly to ensure that we provide suitable and satisfactory services to our customers. Some of our customers are referred by Independent Third Parties which provide consultation service to us by introducing the potential customers to us and assisting us in the pitching process. They entered into one-off referral agreement with the Group for each referral and received referral fees from the Group. The principal terms of a typical referral agreement include the scope of works by the intermediaries and the amount of referral fees, which is generally based on the type of projects, specifications of the documents handled and arm's length negotiation between the parties and which payment is subject to completion of our works with relevant customers. During the Track Record Period, the amount of referral fees per project paid by the Group ranges from approximately HK\$5,000 to HK\$0.4 million. During the three years ended 30 September 2017, two, two and one customers were referred to us under such referral arrangements, and we accordingly incurred approximately HK\$10,000, HK\$18,000 and HK\$0.4 million referral fees respectively. The revenue generated thereunder amounted to approximately HK\$40,000, HK\$2.4 million, and HK\$2.6 million respectively, which amounts to approximately 0.1%, 3.1% and 3.1% of our total revenue during the same periods, respectively.

We provide performance-based remuneration packages to our sales representatives, which motivate and reward our sales representatives based on the gross profit attributable to the projects they handle. We review the remuneration packages of our sales representatives when we renew their employment contracts.

Our website

We operate our website, www.edico.com.hk, to promote our business. Our website contains information about our background, our services and products, our management team, our facilities, and our capabilities. We believe that we may reach a broader base of potential customers, especially overseas customers, through our website.

Marketing materials

We distribute marketing materials bearing our brand name and logo to our customers, including our branded stationeries. We also prepare and distribute to our potential customers marketing materials that introduce our services and products, our capabilities, and our previous successful projects. We believe that these marketing materials will promote our corporate image as a premium service provider of integrated financial printing services.

Marketing and charity events

We organise different marketing and charity events to promote our brand to customers and enhance our corporate social responsibility. In general, we invite our existing customers, potential customers, and other professional parties to our marketing events. For example, we sponsored events held by other institutions which were related to our industry to promote our business to potential customers and organised colouring competitions which we have received artworks from the public. In 2015, we organised a charity event to pay tribute to the elderlies, which was attended by over 40 participants. In addition, we organised a cocktail reception as one of our 5th anniversary celebration events in January 2016 and was attended by over 170 guests.

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OUR CUSTOMERS

Our customers include companies applying for listing on the Stock Exchange, listed companies on the Stock Exchange, and other private companies and governmental bodies. For the three years ended 30 September 2017, we had a total of 204, 207 and 203 customers respectively. The following table illustrates the breakdown of our customers and the revenue attributable to each category during the Track Record Period:

	Year ended 30 September								
	2015			2016			2017		
	Number of customers (Note 2)	Revenue HK\$'000	%	Number of customers (Note 2)	Revenue HK\$'000	%	Number of customers (Note 2)	Revenue HK\$'000	%
IPO applicants	27	21,506	32.9	36	26,862	35.0	49	42,137	50.1
Listed companies	129	39,868	61.0	136	44,387	57.9	134	38,709	46.0
Others (Note 1)	55	3,955	6.1	38	5,476	7.1	32	3,309	3.9
	<u>204</u>	<u>65,329</u>	<u>100</u>	<u>207</u>	<u>76,725</u>	<u>100</u>	<u>203</u>	<u>84,155</u>	<u>100</u>

Note 1: Others include private companies and governmental bodies.

Note 2: During the three years ended 30 September 2017, seven, three and 11 of our customers that were applying to be listed on the Stock Exchange became listed further engaged us for handling of their periodical-reporting documents or compliance documents. Accordingly, they were categorised as both IPO applicants and listed companies during the respective periods. The revenue derived from such customers attributable to their IPO projects and post-IPO projects have been categorised accordingly, and together amounted to approximately HK\$16.3 million, HK\$5.6 million and HK\$25.2 million respectively for the three years ended 30 September 2017, respectively. During the year ended 30 September 2017, one customer engaged us for a translation project when it was a non-listed company, and later engaged us as an IPO applicant. Accordingly, it was categorised as both IPO applicant and other during the year ended 30 September 2017.

We approach new customers and maintain stable business relationships with existing customers. For the three years ended 30 September 2017, we had 114, 127 and 128 recurring customers respectively, and the revenue generated from our recurring customers amounted to approximately HK\$44.1 million, HK\$48.2 million and HK\$60.6 million respectively, representing approximately 67.5%, 62.9% and 72.0% of the total revenue respectively. The following table illustrates the breakdown of our customers by their nature and the revenue attributable to each category during the Track Record Period:

	Year ended 30 September								
	2015			2016			2017		
	Number of customers	Revenue HK\$'000	%	Number of customers	Revenue HK\$'000	%	Number of customers	Revenue HK\$'000	%
New customers	90	21,247	32.5	80	28,484	37.1	75	23,597	28.0
Recurring customers (Note)	114	44,082	67.5	127	48,241	62.9	128	60,558	72.0
	<u>204</u>	<u>65,329</u>	<u>100</u>	<u>207</u>	<u>76,725</u>	<u>100</u>	<u>203</u>	<u>84,155</u>	<u>100</u>

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Note: Recurring customers refer to those having engaged us for financial printing services and having revenue contribution in the immediately preceding financial year and new customers refer to all other customers.

Our top five customers during the Track Record Period

The table below illustrates our top five customers during the Track Record Period:

For the year ended 30 September 2015

Rank	Customer	Principal activities	Main type of documents handled	Approximate years of business relationship*	Revenue HK\$'000	Approximate % of our revenue
1	Customer A	Engaged in developing and selling personal care, health care and household products	Listing-related documents	5	3,816	5.8
2	Customer B	Engaged in pharmaceutical manufacturing business in the PRC	Listing-related documents	2	3,814	5.8
3	Customer C	Engaged in developing and investing properties in the PRC	Periodical reporting documents, compliance documents, miscellaneous and other marketing collaterals	7	3,139	4.8
4	Customer D	Engaged in the retail and wholesale of watches business	Listing-related documents	2	2,971	4.5
5	Customer E	Engaged in providing credit-based financing solutions to fast-growing SME and microenterprise sector	Listing-related documents	3	2,171	3.3
					15,911	24.2

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For the year ended 30 September 2016

Rank	Customer	Principal activities	Main type of documents handled	Approximate years of business relationship*	Revenue HK\$'000	Approximate % of our revenue
1	Customer F	Engaged in contracting services, property management and transportation services business	Periodical reporting documents, compliance documents, miscellaneous and other marketing collaterals	6	4,111	5.4
2	Customer C	Engaged in developing and investing properties in the PRC	Periodical reporting documents, compliance documents, miscellaneous and other marketing collaterals	7	4,107	5.4
3	Customer G	Engaged in property development and property investment business	Listing-related documents	2	3,651	4.8
4	Customer H	Engaged in providing entrepreneurial individuals, SMEs and microenterprises with short-term financing solutions	Listing-related documents	2	2,686	3.5
5	Customer I	Engaged in manufacturing knitwear products	Listing-related documents	2	2,636	3.4
					17,191	22.5
					17,191	22.5

For the year ended 30 September 2017

Rank	Customer	Principal activities	Main type of documents handled	Approximate years of business relationship*	Revenue HK\$'000	Approximate % of our revenue
1	Customer J	Engaged in logistics services business	Listing-related documents	1	5,648	6.7
2	Customer K	Engaged in apparel supply chain management services business	Listing-related documents	1	3,200	3.8
3	Customer L	Engaged in natural gas and crude oil exploration and production business	Listing-related documents	2	3,057	3.6
4	Customer M	Engaged in property development business	Periodical reporting documents, compliance documents, miscellaneous and other marketing collaterals	7	3,002	3.6
5	Customer N	Engaged in tinplate packaging products manufacturing business	Listing-related documents	2	2,696	3.2
					17,603	20.9
					17,603	20.9

* Up to the Latest Practicable Date

For the three years ended 30 September 2017, our revenue attributable to our top five customers amounted to approximately 24.2%, 22.5% and 20.9% of our total revenue respectively. We do not over-rely on any major customer. All of our top five customers during the Track Record Period are Independent Third Parties.

Agreement with our customers for IPO projects and periodical reporting projects

We prepare and provide to our customers standard form agreements for our IPO projects and periodical reporting projects setting out the project details for their review and confirmation. Upon receiving their confirmations on the terms of the agreement, we commence our work. The major terms of our standard form agreement are set out below:

Services offered

Our agreements specify the types of services we provide, namely (i) typesetting and proofreading; (ii) translation; (iii) design; (iv) printing and binding; (v) distribution; (vi) media placement; and (vii) ancillary services such as provision of conference room facilities. The agreements also specify the possible additional items and the respective additional charges, such as (i) additional pages of translation and design; (ii) overtime services; (iii) conversion of document format; (iv) urgent printing services; and (v) food and beverages.

Specification of the documents

Our agreements specify the specification of the documents, such as the paper size of the document, number of pages, paper type, colour of the documents, binding methods, and the quantity of printed copies.

Payment terms

In relation to the handling of listing-related documents, our agreements generally specify the requirement of making deposits (generally within a range of approximately between 10% to 40% of the agreed quotation amount) prior to the commencement of our works. Our invoices will be issued and the remaining balances should be paid in stages after reaching certain specified milestones, generally upon the submission of the application proof prospectuses and upon the listing of our customers' securities on the Stock Exchange.

In relation to the handling of periodical reporting and compliance documents, the agreements specify the requirement of payments and our invoices would be issued upon the delivery of the documents or the completion of the projects. In the event that our customers cease to carry the project forward, we charge our customers for the services provided up to the date the project ceased, and the amount is payable upon the issuance of the invoices, usually with a credit period between 45 to 60 days.

Confidentiality

At our customers' request, we would include the confidentiality clause into our standard form agreement, which specifies that our Company shall use the confidential information with customers solely for the purpose of performing the printing and handling services for the respective customers, and shall not be used to gain any other commercial or financial advantage. In addition, the confidentiality clause specifies that we would take precautions in order to prevent unauthorized disclosure of confidential information to any other person, firm, corporation, association or any other entity for any reason or purpose. In the event of breach of the confidentiality clause by us, we will be required to indemnify the respective customers for any loss incurred as a result of the breach.

Other agreements with customers

Some of our customers prefer to adopt their in-house agreements and similar to our other contractual arrangements, we negotiate our service terms with such customers prior to entering into those agreements. The major terms of such agreements would in general include at least (i) the services we provide; (ii) the specifications of the documents to be handled; and (iii) payment terms and credit periods. The details of these major terms are similar to that included in our standard form agreements, and customers who do not adopt our standard form agreements do not usually obtain more favourable treatment or advantageous agreement terms than our other customers.

Pricing policy

We determine our prices on a project-by-project basis. For our listing-related documents, periodical reporting documents, and some miscellaneous and marketing collaterals, we provide quotations individually. For our compliance documents, we usually ascertain the final price in the invoices after completion of the respective projects. Compliance documents generally include announcements and/or circulars which are required to be published timely to meet the Listing Rules or the GEM Listing Rules requirements. We usually receive draft documents from our customers on an ad-hoc basis and it is generally difficult to accurately predict the number of pages of the documents and the volume and nature of works to be performed by our staff at this stage. It is also difficult to accurately estimate additional service costs, such as potential overtime charges or urgent printing charges to be incurred at the commencement of engagement for the handling of compliance documents which may have impact on our final fee. After the project management team receives instructions from customers for the handling of compliance documents, they would record our customers' instructions from time to time in our Prodo system. Our sale representatives and the chief financial officer can obtain the information relating to the costs incurred and can estimate an amount of fee to be charged on a more certain basis as the projects progress after reviewing the information. The Directors are of the view that, although the final prices of compliance document projects are only ascertained after completion of the projects, uncertainties of the final pricing at the beginning of projects would not have material impact on the Company's profitability as (i) the final fees of compliance document projects is based on the incurred-costs information and the activities recorded in the Prodo system; and (ii) the sales representatives would maintain close communication with the customers regarding the progress and the estimated fees of the projects.

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When we determine the prices of our services, we consider a number of factors, including our price competitiveness, services to be provided, turnaround speed, and special requirements from our customers. Our pricing policy is generally on cost-plus basis. Out of pocket expenses are first borne by us and are billed to our customers as service fees after completion of the projects.

We are generally engaged by our customers on a project-by-project basis, with the services we provide, the specifications of documents to be handled and prices stated in our standard form agreements or the quotations we provide (as the case may be). Our customers may request for alterations of specifications of documents or order additional services such as overtime services and food and beverages services. We usually request confirmation and acknowledgement from them prior to performing the alterations or providing the additional services instead of entering into any supplemental agreements. Upon completion of the projects, we issue the invoices to our customers based on the actual work done and other out-of-pocket expenses, which may differ from the amount we quoted in the quotations or our standard form agreements. During the Track Record Period, we did not experience any material disputes with our customers in relation to our pricing policy and the final price charged.

During the Track Record Period, the average price per project for each type of documents we handled are set out below:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Listing-related documents	797	746	843
Periodical reporting documents	114	118	112
Compliance documents	7	8	8
Miscellaneous and marketing collaterals	35	36	25

The following table illustrates the price range of documents we handle during the Track Record Period:

	Year ended 30 September		
	2015	2016	2017
	Approximately HK\$	Approximately HK\$	Approximately HK\$
Listing-related documents	0.8 million – 6.0 million	0.3 million – 3.5 million	0.2 million – 4.6 million
Periodical reporting documents	12,000 – 1.3 million	12,000 – 1.3 million	9,000 – 0.7 million
Compliance documents	80 – 0.1 million	200 – 2.5 million	200 – 1.8 million
Miscellaneous and marketing collaterals	400 – 1.4 million	900 – 1.3 million	600 – 0.4 million

The price range of the documents we handle is wide due to the differences in the specification of documents we handle and the amount of work involved in handling those products. The wide price range is not uncommon within the financial printing industry, according to the Ipsos Report.

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During the Track Record Period, the percentage by number of projects which the Group provided discounts to customers and the aggregate amount of discounted fees are set out below:

	Year ended 30 September		
	2015	2016	2017
	(approximately)	(approximately)	(approximately)
Percentage by number of projects which the Group provided discounts to customers	0.8%	1.0%	0.6%
Aggregate amount of discounted fees	HK\$2.0 million	HK\$1.0 million	HK\$0.8 million

Among the above projects with discounted fees, the range of discounts given and the weighted average of percentage of discounts by document types are set out below:

	Year ended 30 September		
	2015	2016	2017
	(approximately)	(approximately)	(approximately)
Range of discounts	3.1%–27.1%	0.6%–29.1%	0.2%–25.0%
Weighted average of discounts by document types:			
— Listing-related documents	17.9%	13.0%	6.1%
— Periodical reporting documents	11.3%	4.7%	4.5%
— Compliance documents	13.8%	3.3%	14.7%
— Miscellaneous and marketing documents	13.0%	29.1%	2.7%
Overall weighted average of discounts	17.2%	9.7%	6.2%

The discounts stated above referred to those given by us in response to our customers' requests after the issuance of the invoices stating the original fees to be charged. After consideration by our sales and services department, we issue credit notes to our customers reflecting the amount of discount given by us. Under our usual practice, our head of the sales and services department reviews and approves the discount based on a number of factors, including (i) the fees stated in the invoices; (ii) our relationship with the respective customers, particularly whether there are opportunities for future businesses; and (iii) the amount of services we have provided and the costs involved.

During the three years ended 30 September 2017, the aggregate amount of discounts given to our customers represented 3.0%, 1.3% and 1.0% of our total revenue respectively.

Credit management

During the Track Record Period, we usually granted a credit period of 45 to 60 days to our customers to settle the invoices. We determine the credit period based on the nature of works involved and the status of our customers. We believe that the credit terms granted to our customers are within our acceptable credit risk exposure range and is in line with the norm in the financial printing industry in Hong Kong. Our chief financial officer regularly reviews our customers' payment records and if necessary, follows up with the respective customers with long outstanding payment. In the event that there are overdue payments, we generally charge our customers an overdue interest at the rate of 2.5% per month on the outstanding sum from the day it has fallen due. During the three years ended 30 September 2017, one, one and four of our customers failed to settle their invoices respectively and led to provision of impairment of trade receivables of approximately HK\$12,000, HK\$0.8 million and HK\$1.7 million, representing approximately 0.02%, 1.0% and 2.0% of our total revenue respectively. Out of the impairment of trade receivables of HK\$1.7 million in the year ended 30 September 2017, we had impaired an amount of HK\$1.0 million which was made after we had reached a settlement with such customer after the Track Record Period at a lower amount of HK\$4.2 million in comparable to the outstanding sum of approximately HK\$5.2 million. In reaching the settlement, our Group had discussed with our legal adviser for the Board to consider the prospect of recovery for the outstanding sum from such customer. After the issuance of a demand letter to and negotiations with the customer, our Group accepted HK\$4.2 million as full and final settlement of the matter. Having taken into account the legal advice as mentioned above, as well as the time and resources to be involved should the recovery process continue, our Group considers that bringing the matter to an amicable end is of the interests of the Group. Save as disclosed above, our Directors believe that this is not significant and had no material impact on our financial performance.

Provision policy

Our provision policy for impairment of trade receivables of the Group is based on (i) the evaluation of the collectability and ageing analysis of the respective outstanding receivables; and (ii) the judgment and decision of our management team based on their experience. Provisions are applied to the receivables when we observe indications that balances may not be collectible, based on number of factors, including (i) whether the customer is under any voluntary or compulsory winding up procedures; (ii) whether our customers have ceased their operations; and (iii) whether any agreement has been made with customers for accepting a lower fee than the billed one. In general, we do not consider the balances uncollectible until our chief financial officer considers the abovementioned factors negative. In addition, our chief financial officer reviews our trade receivable balance and overdue balances regularly and makes assessments on the collectability of overdue balances. As at 30 September 2015, 2016 and 2017, we have recognised approximately HK\$12,000, HK\$0.8 million and HK\$1.7 million of provision for impairment of trade receivables, respectively.

OUR SUPPLIERS

Given the nature of our Group's business, our major suppliers are our subcontractors. During the Track Record Period, we subcontracted some of our translation works to independent translation companies and all of our printing and binding works to independent printing factories. We believe that this subcontracting arrangement allows us to focus our resources on our core business aspects and utilise our capital more efficiently.

We engage our subcontractors on a project-by-project basis and issue purchase orders accordingly. During the Track Record Period, we did not enter into any long-term or exclusive cooperation agreement with any subcontractor. We believe that this subcontracting arrangement is in line with the common practice within the financial printing industry.

We have established long and stable working relationships with our subcontractors. For the three years ended 30 September 2017, five, five and four of our top five subcontractors have worked with us for more than three years. We intend to maintain these relationships upon Listing.

Printing factories

We engage a number of independent printing factories, all of which are located in Hong Kong. Their locations in Hong Kong enable us to meet the tight printing schedule of our customers and allow us to visit them to observe and monitor the printing process. For the three years ended 30 September 2017, we engaged nine, ten and eight printing subcontractors respectively and accordingly incurred approximately HK\$10.9 million, HK\$11.7 million and HK\$10.7 million respectively, representing approximately 37.4%, 34.6% and 30.2% of our total cost of services respectively.

During the Track Record Period, we did not have any material dispute with our printing subcontractors or our customers in relation to the quality of the products supplied by our printing subcontractors.

Translation companies

We provide our translation services through our in-house translation team and certain independent translation subcontractors. We generally prefer our in-house translation team over independent translation subcontractors in the assignment of translation works as we would have better project management and more direct control over the quality and operations of our translation services. As the business portfolio of the Group expands over time, it is expected by the Directors that the in-house translation team shall expand by recruiting new staff accordingly to meet the Group's business needs. For further details of our plans to recruit new staff to our in-house translation team, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

As a measure to utilise our resources more efficiently, we also subcontract some of our translation works to a number of independent translation subcontractors. We allocate our translation works among our translation subcontractors based on a number of factors, including (i) the nature

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of the projects; (ii) their availability; (iii) their language capabilities; and (iv) specific requests of our customers. We believe that through our flexible allocation of translation works to our in-house translation team and among our translation subcontractors, we are able to provide timely and quality translation services that meet the requirements of our customers, in particular for the fulfilment of their obligations under the Listing Rules and GEM Listing Rules for disclosures and publication of documents.

For the three years ended 30 September 2017, the costs for engaging our in-house translation team was approximately HK\$2.5 million, HK\$2.8 million and HK\$1.8 million respectively, representing approximately 8.5%, 8.3% and 5.2% of our total costs of services respectively. During the same period, we engaged 12, 15 and 12 translation subcontractors respectively and accordingly incurred approximately HK\$4.7 million, HK\$6.0 million and HK\$9.8 million of translation subcontracting costs respectively, representing approximately 16.3%, 17.8% and 27.7% of our total cost of services respectively.

During the Track Record Period, we did not have any material dispute with our translation subcontractors or our customers in relation to the quality of the translation works provided by our in-house translation team or our printing subcontractors.

Our top five suppliers during the Track Record Period

The table below illustrates our top five suppliers during the Track Record Period:

For the year ended 30 September 2015

<u>Rank</u>	<u>Supplier</u>	<u>Services provided</u>	<u>Approximate years of business relationship*</u>	<u>Cost of services</u> HK\$'000	<u>Approximate % of our cost of services</u>
1	Supplier A	Printing and binding	7	3,386	11.6
2	Supplier B	Printing and binding	3	2,271	7.8
3	Supplier C	Printing and binding	7	1,890	6.5
4	Supplier D	Printing and binding	6	1,449	5.0
5	Supplier E	Translation	3	1,277	4.4

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For the year ended 30 September 2016

<u>Rank</u>	<u>Supplier</u>	<u>Services provided</u>	<u>Approximate years of business relationship*</u>	<u>Cost of services</u> HK\$'000	<u>Approximate % of our cost of services</u>
1	Supplier B	Printing and binding	3	3,308	9.7
2	Supplier A	Printing and binding	7	3,107	9.1
3	Supplier C	Printing and binding	7	2,384	7.0
4	Supplier E	Translation	3	1,507	4.4
5	Supplier F	Printing and binding	7	1,352	4.0

For the year ended 30 September 2017

<u>Rank</u>	<u>Supplier</u>	<u>Services provided</u>	<u>Approximate years of business relationship*</u>	<u>Cost of services</u> HK\$'000	<u>Approximate % of our cost of services</u>
1	Supplier G	Translation	1	3,912	11.1
2	Supplier B	Printing and binding	3	3,689	10.5
3	Supplier C	Printing and binding	7	2,216	6.3
4	Supplier E	Translation	3	1,962	5.6
5	Supplier D	Printing and binding	6	1,842	5.2

* Up to the Latest Practicable Date

For the three years ended 30 September 2017, subcontracting our works to our top five subcontractors accounted for 35.3%, 34.2% and 38.7% of our total cost of services respectively. We do not over-rely on any subcontractor. The length of our relationship with our top five subcontractors ranges from one year to seven years. All of our top five subcontractors throughout the Track Record Period are Independent Third Parties.

Criteria for selecting our subcontractors

Our heads of print, bind and logistics department and our chief operations officer are responsible for selecting our printing and translation subcontractors respectively. In the selection, we consider a number of factors, including the respective subcontractors' (i) availability; (ii) quality of services; (iii) turnaround speed; and (iv) price competitiveness. We have full discretion with the choice of our subcontractors and we do not need to seek the approval of our customers prior to engaging our subcontractors.

Arrangements with our subcontractors

During the Track Record Period, we did not enter into any long-term or exclusive cooperation agreement with any subcontractor. Instead, we engage our subcontractors on a project-by-project basis and issue purchase orders accordingly.

Printing factories

Our head of print, bind and logistics department is responsible for issuing purchase orders to our printing subcontractors. The major terms of our standard form purchase orders include the followings:

- (i) type of service, quantity, and price — our purchase orders specify the type of printing services required, a definitive quantity of products requested, and a breakdown of the costs;
- (ii) specifications of the documents — our purchase orders specify the specifications of the printed documents, such as the number of pages, type of paper, finishing and binding methods;
- (iii) payment terms — we are usually granted credit terms of up to 60 days by our printing subcontractors; and
- (iv) delivery — our purchase orders specify the date and destinations of delivery of the printed documents, which is responsible by our printing subcontractors.

Translation companies

Our chief operations officer is responsible for issuing purchase orders to our translation subcontractors. The major terms of our standard form purchase orders include the followings:

- (i) type of service — our purchase orders specify the original language and the requested language of the document;
- (ii) price — the price of the translation services is determined by the prescribed price lists of our translation subcontractors. The unit price, usually calculated by the number of words or pages of the documents, is stated in our purchase orders;
- (iii) payment terms — we are usually granted credit terms of up to 60 days by our translation subcontractors; and
- (iv) delivery — we usually communicate with our translation subcontractors through e-mails and we receive the translation works through e-mails.

QUALITY CONTROL

We put strong emphasis on the quality control of our handling process and have implemented quality control procedures which our respective teams perform quality control inspections at various points of the projects. Our quality control procedures are described below:

Quality control during in-house handling process

For our typesetting and proofreading services, we perform quality checks on the typeset documents prepared by our composition team. After our composition team typesets the documents, our quality control team compares the typeset documents with the instructions of our customers to check for inconsistencies. If mistakes are spotted in the typeset documents, they are sent back to our composition team for amendments and upon recognising no errors, the typeset documents are passed to our project management team for release to our customers.

Our creative and graphic department brainstorms different ideas prior to releasing the designs to our customers. They also discuss with our customers to understand their requirements and preferences about the designs. Then they make revisions on the designs until our customers are satisfied.

For our media placement service, our composition team performs content inspection to check for errors and our quality control team performs inspection on the formatting and printing aspects to ensure that the e-Submission version meets the requirements of our customers. We also offer to perform e-Submission in the presence of our customers in our Press Room. We believe that our quality control procedures could avoid incorrect media placements.

Quality control over translation works

For our translation service, we perform quality checks on the translation works prepared by our in-house translation team and closely monitor our translation subcontractors over their works prior to releasing the document for typesetting. The head of our in-house translation team or senior translator reviews the works prepared by our in-house translators to ensure the quality, accuracy and consistency of the translation works are satisfactory before releasing to the project management team. For the translation works prepared by subcontractors, our project management team reviews and performs quality checks to ensure the translation works can meet customers' requirements. In addition, our project management team communicates with our in-house translation team or our translation subcontractors to ensure they understand the requirements of our customers, such as our customers' preferences of writing style and certain terminologies, and the required turnaround speed.

Quality control over the production of printed documents

For our printing and binding service, our print, bind and logistics department is responsible for the quality control of the printing after our customers sign-off. Upon receiving bulk print confirmations from our customers and the signed-off documents from our composition team, our quality control team performs inspections on the formatting of the documents. Our print, bind and logistics department then requests for the documents in their printing format from the responsible printing subcontractors and performs quality checks regarding the printing aspects to ensure that the final printed products would meet the requirements of our customers. Our print, bind and logistics department then executes the bulk printing procedure by passing the printing instructions, together with our specifications on the final products, to our printing subcontractors.

In the event that our final products fail to meet our customers' requirements after delivery, we would promptly take remedial actions, including re-printing the documents. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints in relation to the quality of documents we handle and services we provide.

Quality control over our subcontractors

We select our printing subcontractors and translation subcontractors based on a number of factors, including their technical capabilities and quality of service. For further details of our criteria in selecting subcontractors, please refer to the paragraph headed "Our suppliers — criteria for selecting our subcontractors" in this section. We also regularly review the quality of service of our subcontractors and in the event that they repeatedly fail to meet our expectations, we reallocate our works and engage other subcontractors.

We monitor our printing subcontractors. Our print, bind and logistics department occasionally visits our printing subcontractors to observe and monitor the printing process. We also coordinate with our printing subcontractors to keep track of their progress and to ensure that the production process meets the tight schedule of our customers.

For our quality control over our translation subcontractors, please refer to the paragraph headed "Quality Control — quality control over translation works" in this section.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality control issues.

CONFIDENTIALITY

We regularly handle confidential and price-sensitive information during the provision of our services. Any mishandling of such information may mislead or cause losses to the readers of our documents and prospective investors of our customers. Accordingly, we have implemented the following internal control procedures to ensure the proper handling of confidential information and to minimise our risk exposure:

in relation to our employees

- Throughout the Track Record Period:
 - (i) we have entered into confidentiality agreements with our employees upon their employment with us and we restate such confidentiality obligations in our staff manual. In addition, the management keeps reminding the staff to comply with the confidentiality clauses stated in the staff manual during regular meetings. Any breach of the confidentiality agreements or the confidentiality obligations are considered serious misconduct which may result in termination of employment and/or legal proceedings instituted by us against them; and
 - (ii) the physical access to the staff area is controlled by fingerprint recognition system.
- Since October 2016, we require our staff to make a declaration of interest in writing to the Company in respect of their listed securities held to the Company on a semi-yearly basis.
- Since October 2016, the Group maintains a restricted list from time to time and all staff are strictly prohibited from dealing in the stocks stipulated in the restricted list to avoid possible insider dealing and we regularly provide training to our staff to raise their awareness about internal control over confidential and price-sensitive information.
- Since September 2017, we enhance the requirements on the declaration of interest by implementing the following measures:
 - (i) our staff will be required to declare the details of securities accounts, if any and to confirm any trading securities transactions made during the past six months; and
 - (ii) our staff who are involved in handling confidential and price-sensitive information would be selected on a random basis semi-yearly to provide the Company with their securities account statements for the Company to verify their declarations.

in relation to our subcontractors

- Throughout the Track Record Period, our Chief Executive Officer, the head of print, bind logistics department or the chief operations officer conducted meeting with our printing subcontractors or the translation subcontractors at least once a year to discuss the production quality and also the confidentiality policy adopted by the respective subcontractor.
- Since December 2016, (i) all our translation and printing subcontractors have entered into confidentiality agreements with us to ensure our confidential information processing policy is adopted throughout their operations. Any breach of the confidentiality agreements or the confidentiality obligations may result in termination of engagement and/or legal proceedings instituted by us against them; and (ii) prior to engagement with any new subcontractors, we require our potential subcontractors to demonstrate to us that they have their internal confidentiality policies or procedures in place such as providing confidentiality agreements entered into between these subcontractors and their staff, and internal notices reminding the confidentiality duties of the staff post in subcontractors' working places.

in relation to our computer system

- Throughout the Track Record Period:
 - (i) each of our employees has his/her own access account for accessing our network system. Computer footprints of our employees are recorded and traceable for necessary investigations;
 - (ii) access level to our clients' information is controlled and monitored by authorised personnel such that only limited number of authorised staff are allowed to access the confidential information of our clients for each project; and
 - (iii) our IT policy prohibits employees from downloading or transferring documents or files to portable electronic storage devices.
- Since October 2014, users of our network system are requested to reset the passwords for access on a quarterly basis for reducing the risks of data leakage.

in relation to handling of documents

- Throughout the Track Record Period, (i) we engage a confidential documents destruction service provider to collect and handle the used papers which are likely to contain confidential and price-sensitive information; and (ii) the projects we handled were named with codenames assigned by clients to reduce the risks of releasing confidential and price-sensitive information.

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In the event that any confidential or price-sensitive information is leaked, we may be subject to investigations by relevant regulatory authorities and other liabilities, claims and complaints from our customers. During the Track Record Period and up to the Latest Practicable Date, we are not aware of (i) any breach of confidentiality obligations by our employees or our subcontractors; (ii) any involvement in insider dealing in the securities of the listed issuers with price-sensitive information obtained during the course of our employees' or subcontractors' works; or (iii) any claims from our customers regarding the same.

Having considered the above, our Directors are of the view, and the Internal Control Consultant, as well as the Sole Sponsor, concur with our Directors' view, that our internal control policies and procedures are adequate and effective in respect of handling confidential and price-sensitive information.

INFORMATION TECHNOLOGY

As our IT system plays an integral part to the provision of our services, its reliability and integrity are important and we have taken measures to protect and secure our IT system. Our integration team is responsible for monitoring the IT system and ensuring that the IT system is functional for our business purposes.

We store all of the data that we handle on our key servers and data storage facilities and back up the data on our backup servers. Both of our key servers and data storage facilities are protected by firewall, anti-virus software and spam filtering applications. We have implemented access restriction control on our IT system in which our employees are granted access only to those information necessary for them to perform their roles and responsibilities. We have adopted contingency measures that set out the recovery procedures to be taken when we face contingency circumstances, such as server migration and data recovery. During the Track Record Period, we have not experienced any material unexpected interruptions due to occurrence of events such as fires, hardware and software failures or telecommunication failures.

The Group has an IT policy and IT emergency recovery procedures in place to ensure the Group's IT system is monitored on an ongoing basis. Full time IT staff is responsible for monitoring the functionality of IT system. Additionally, the Company engages consultants to provide daily technical support services and perform daily monitoring and maintenance on IT security, server equipment and network infrastructure.

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In addition, we have developed Prodo, a centralised information management system for project management and customer relationship management. We assign accounts to all of our employees to input and record the details of our projects that they handle in the system, such as project numbers, instructions received, and actions taken by our teams. We use Prodo as a centralised system and database for managing the information of our customers, and keeping track of the progress of all of our projects. Our chief operations officer analyses the data in Prodo to review our operational efficiency and capacities, which we also believe is essential to completing the requests of our customers on a timely basis.

Set out below are the average remaining useful lives of the Company's major computer equipment:















<u>Type of major computer equipment</u>	<u>Number of items in use</u>	<u>Average age as at the Latest Practicable Date (years)</u>	<u>Average useful life based on management expectation (years)</u>	<u>Average remaining useful life (years)</u>
Database and file servers	8	6	5	0
Network infrastructure	19	6	5	0

Despite the average useful life of the major computer equipment had ended, our Directors are satisfied that these computer equipment are operational. Nevertheless, as we rely on our IT infrastructure and software in providing our services and handling the documents for our customers, we intend to upgrade and acquire technology equipment and software. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

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INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered the following trademarks:

Trademark	Registered Owner	Class	Place of Registration	Trade Mark No.	Date of Registration	Expiry Date
A  Financial Press Services 鉅京財經印刷服務 B  Financial Press Services 鉅京財經印刷服務	EDICO	16, 35, 36	Hong Kong	303867094	11 August 2016	10 August 2026
A  B 	EDICO	16, 35, 36	Hong Kong	303867102	11 August 2016	10 August 2026
A  B 	EDICO	16, 35, 36	Hong Kong	303867067	11 August 2016	10 August 2026
A  B 	EDICO	16, 35, 36	Hong Kong	303867076	11 August 2016	10 August 2026
A  TRANSLATION SERVICES LIMITED 拓譯翻譯服務有限公司 B  TRANSLATION SERVICES LIMITED 拓譯翻譯服務有限公司	TOD	35	Hong Kong	303867058	11 August 2016	10 August 2026
A  鉅昇服務有限公司 B  鉅昇服務有限公司	ORTUS	16, 35	Hong Kong	303867120	11 August 2016	10 August 2026
A  B 	ORTUS	16, 35	Hong Kong	303867085	11 August 2016	10 August 2026

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As at the Latest Practicable Date, we have registered the following domain names:

<u>Domain Name</u>	<u>Registered Owner</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
edico.com.hk	EDICO	2 October 2009	19 October 2022
edico.hk	EDICO	28 September 2010	13 October 2020
todtranslation.com.hk	TOD	2 August 2011	2 August 2021
todtranslation.hk	TOD	20 June 2011	27 June 2021
ortus.com.hk	ORTUS	24 May 2011	2 June 2021
ortus.hk	ORTUS	24 May 2011	2 June 2021

For further details of our intellectual property rights, please refer to the paragraph headed “Further information about our business — 2. intellectual property rights” under the section headed “Appendix IV — Statutory and General Information” in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there was no dispute or infringement in connection with our intellectual property rights pending or threatened against our Group which could have a material adverse effect on our operations or financial performance.

EMPLOYEES

As at the Latest Practicable Date, we had 63 employees. The following table illustrates a breakdown of our employees by department during the Track Record Period and as at the Latest Practicable Date:

	<u>As at 1 October 2014</u>	<u>As at 30 September 2015</u>	<u>As at 30 September 2016</u>	<u>As at 30 September 2017</u>	<u>As at the Latest Practicable Date</u>
Chief Executive Officer’s office	2	2	2	3	3
Sales and services	8	6	9	7	8
Operations	40	35	36	30	30
Creative and graphic	10	10	12	10	9
Print, bind and logistics	4	4	4	4	3
Finance, human resources and administration	3	3	4	4	4
Translation	<u>11</u>	<u>10</u>	<u>8</u>	<u>6</u>	<u>6</u>
	<u>78</u>	<u>70</u>	<u>75</u>	<u>64</u>	<u>63</u>

Relationship with our employees

We maintain good working relationship with our staff and have a cozy office environment. We believe our cordial relationship with our employees and the harmonious culture contributed to our ability to retain key management staff. There was no labour union established by our employees. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any major difficulties in recruiting suitable employees.

In March 2016, EDICO received a notice from the Labour Department relating to a claim of outstanding commission of approximately HK\$360,000 filed by a former sales representative of EDICO due to differences in interpretation of the calculation of sales commission. Following liaisons with such claimant, the dispute was settled out of court in July 2016 at a mutually agreed sum of HK\$225,000. Our Directors confirm that such labour dispute did not have any material impact on our operations and financial position. Save as disclosed herein, during the Track Record Period and up to the Latest Practicable Date, we did not experience any strike or labour dispute with our employees which had a material impact on our business operations or financial performance.

Recruitment Policies

We intend to use our best effort to attract and retain qualified and talented personnel to serve our Group. We assess the available human resources on a continuous basis and may employ additional employees according to our business needs.

Employee trainings

We provide continuous trainings to our employees to improve their skills and develop their potential. We provide mandatory trainings to our new staff based on the tasks they perform in the course of our business. We also provide departmental and office-wide trainings to our staff in relation to our business and the financial printing industry, such as site visits to printing factories and seminars about paper characteristics and printing.

Remuneration

Our employees are important strategic resources for our development. In addition to basic salaries, we provide various staff benefits to our employees, including medical insurances and marriage paid leaves. For the three years ended 30 September 2017, our total employee benefit expenses were approximately HK\$0.6 million, HK\$0.4 million and HK\$0.4 million respectively. We determine our employees' remuneration based on factors such as market competitive wages and previous work experience. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive. We also regularly evaluate our employees to assess their performance.

Employee's compensation insurance and mandatory provident fund

We maintain employees' compensation insurance for all of our employees as required under the Employees' Compensation Ordinance and other applicable laws and regulations in Hong Kong. We also participate in mandatory provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance for our employees in Hong Kong. Our Directors consider that our employees' compensation insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

Share Option Scheme

We have conditionally adopted the Share Option Scheme in which certain eligible persons may be granted the Options to acquire our Shares. Our Directors believe that the Share Option Scheme will assist in our recruitment and retention of quality executives and employees. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "D. Share Option Scheme" under the section headed "Appendix IV — Statutory and General Information" in this prospectus.

PROPERTIES, FACILITIES AND EQUIPMENT

Our Central Office, being our principal place of business, is located at 8/F, Wheelock House, 20 Pedder Street, Central, Hong Kong. There are ten conference rooms available for our customers' use and a customer lounge with self-service refreshments and televisions. We leased the business premises from an Independent Third Party at an aggregate sum of approximately HK\$0.8 million per month including rent and service fee. The tenancy agreement has a term of three years from 2 January 2016 to 1 January 2019 with no renewal terms. Under the tenancy agreement, if the landlord sells the Central Office, the tenancy agreement will be terminated with a six months' notice given to us.

Our Kowloon Office, being our secondary office premises, is located at Unit 901, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong. Our Kowloon Office accommodate our in-house translators and acts as our back-up office. We leased the Kowloon Office from an Independent Third Party at an aggregate sum of approximately HK\$47,000 per month, including rent, management charge, rates and government rent. The tenancy agreement has an aggregate term of four years from 1 September 2014 to 31 August 2018. Upon expiration of the tenancy agreement, we intend to relocate our Kowloon Office to the New Office, which is intended to be in Central and Western District, Hong Kong. Under the tenancy agreement, if the landlord sells the Kowloon Office, the tenancy agreement will be terminated with a six months' notice given to us. For further details of our plans to relocate, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

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As at the Latest Practicable Date, we did not own any landed properties. Accordingly, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notices (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

INSURANCE

We maintain insurance on, among other things, office contents, business interruptions, employees' compensation and public liability. According to the Ipsos Report, the insurance coverage maintained by the Group in respect of our properties is in line with the industry norms. Our Directors also believe that the insurance coverage is adequate and sufficient for our operations. Our Directors confirm that we were not subject to any material insurance claims or liabilities arising from our operation during the Track Record Period.

HEALTH AND WORK SAFETY

We have established procedures to provide our employees with a safe and healthy working environment by providing work safety guidelines for our employees to follow. We follow the health and safety-related rules and regulations in accordance with the Occupational Safety and Health Ordinance and set the requirements for workplace environmental control and hygiene at workplaces pursuant to the Occupational Safety and Health Ordinance. During the Track Record Period, we did not experience any significant incidents or accidents in relation to workers' safety or any non-compliance with the applicable laws and regulations relevant to the work safety and health issues.

ENVIRONMENTAL MATTERS

Due to the nature of our business, we do not produce, emit, or discharge any pollutant during the course of our business. Accordingly, we are not subject to any specific rules or regulations in relation to the environmental protection matters. During the Track Record Period, we were not subject to any major environmental claim, lawsuit, penalty or disciplinary action.

COMPETITION

According to the Ipsos Report, there were 21 financial printing service providers in Hong Kong as of 30 September 2016. The key elements of competition include efficiency, cost and quality of services. We believe we are cost-effective and the quality of our services are recognised by our customers, as (i) we subcontract some translation works and all printing works to our subcontractors; (ii) we maintain close relationships with customers; (iii) we have a stable and experienced management team; and (iv) we have received over 200 awards for our designs. We believe we are able to sustain our business and compete with other major market players.

According to the Ipsos Report, in 2016, we ranked 9th in the financial printing industry in Hong Kong in terms of revenue with market share of approximately 4.2%. New financial printing service providers face entry barriers such as (i) high initial capital commitment for lease office premises in prime location in Hong Kong; (ii) difficulties in building up a customer portfolio as customers tend to choose its existing service provider; and (iii) difficulties in obtaining referral of customers owing to brand image. Given these entry barriers, we believe that we are able to maintain our foothold in the financial printing industry based on, apart from our competitive strengths mentioned in the paragraph headed “Competitive strengths” in this section, our long-established operation history and the premium quality of services we provide. Our Directors expect that competition will remain intense in the future.

TAXATION

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

AWARDS AND RECOGNITIONS

We have won a total of over 200 awards from the ARC Awards, the International Astrid Awards, the Galaxy Awards, the Mercury Awards, and the LACP Awards. The following table illustrates the information of some of our recent and major awards in relation to design:

<u>Year</u>	<u>Name of competition</u>	<u>Awards</u>
2017	International ARC Awards ^(Note 1)	2 Gold 2 Silver 1 Bronze
2016	International ARC Awards ^(Note 1)	2 Gold 2 Silver 3 Bronze 1 Honors
	26th Annual Competition — 2016 Astrid Awards ^(Note 2)	3 Gold 1 Silver 3 Bronze 1 Honors
	Vision Awards Annual Report Competition ^(Note 3)	1 Platinum 2 Gold 1 Bronze
2015	Vision Awards Annual Report Competition ^(Note 3)	1 Gold
	International ARC Awards ^(Note 1)	4 Gold 2 Silver 2 Bronze 2 Honors
	25th Silver Anniversary Competition — 2015 Astrid Awards ^(Note 2)	1 Gold 1 Silver 3 Bronze
	26th Annual International Competition 2015 Galaxy Awards ^(Note 4)	2 Gold 2 Bronze
2014	International ARC Awards ^(Note 1)	5 Gold 3 Silver 2 Honors
	24th International Competition 2014 Astrid Awards ^(Note 2)	1 Best of Show 1 Grand 4 Gold 2 Bronze 3 Honors

Notes:

1. The criteria of the International ARC Awards are based on the success of the annual report in communicating its company's story. Judging is based on the values of creativity, clarity, effectiveness, and excellence. The elements considered in the judging include (i) cover design; (ii) president's letter; (iii) interior design; (iv) clarity of written text; (v) presentation of corporate information; (vi) expression of financial data; and (vii) how well the spirit of the organisation is communicated.
2. The criteria of the Astrid Awards are judged on the basis of concept creativity, clarity and production quality.
3. The Vision Awards are granted by the League of American Communications Professionals and judged on the basis of design, style, clarity, usability, and information accessibility.
4. The criteria of the Galaxy Awards are judged on the values of creativity, effectiveness, performance and success.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to good corporate citizenship. In July 2011, we recruited our first employee who is categorised as a disabled person. We have also partnered with different societies to organise recruitment talks for the disabled and other charity services, including visit to the home of elderlies. Our caring to the society has been recognised by the various awards we received, such as the Appreciation Reception For Employer 2016 in November 2016, and the Caring Company Award since 2011 in recognition of our commitment to caring for our customers, employees, community and the environment.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors and risk management committee are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of risk management system, which is designed to ensure that the Group is able to safeguard the Shareholders' investment and the Group's assets at all times.

To manage our external and internal risks and to ensure the smooth operation of our business, we have engaged an internal control consulting firm (the "**Internal Control Consultant**") to perform overall assessment on our internal control system in March 2017. During the internal control review, our Internal Control Consultant has provided some recommendations for our management's consideration to enhance our internal control system. As at the Latest Practicable Date, our Group has implemented an enhanced internal control system.

In particular, following the internal control review, the Internal Control Consultant has made the following major findings and/or recommendations for the Group to enhance its internal control system:

1. The Group did not have designated independent party to investigate and handle financial reports in the past. Following the Internal Control Consultant's recommendations, the Group has appointed three independent non-executive Directors as the members of audit committee and risk management committee in the Board for proper internal control and corporate governance of the Group. For the particular of the audit committee and risk

management committee and the professional qualifications and industry experience of its members, please refer to the paragraphs headed “Board Committees — Risk Management Committee” and “Audit Committee” and “Directors — Independent non-executive Directors” in the section headed “Directors, Senior Management and Employees” in this prospectus;

2. it was found that there was no policy in place on connected and notifiable transactions and related party transaction under the GEM Listing Rules, following the recommendations by the Internal Control Consultant, our Directors and senior management had attended training sessions in relation to the applicable laws and regulations and the Group will implement such policy upon Listing;
3. it is recommended that the Company should engage a compliance adviser, following which, the Company has engaged Giraffe Capital Limited as the compliance adviser to oversee the Group’s compliance with the GEM Listing Rules and relevant rules and regulations; and
4. it is recommended that the Group should sign-off projects upon written confirmation instead of accepting verbal instructions, following which, the Group has implemented the control policy in which written sign-off instructions from customers have been obtained and filed.

In relation to our business, the risk management measures and procedures include:

Financial and credit control

We implement financial control measures in relation to our operation to maintain financial health. We carry out customer acceptance procedures prior to project engagements to assess the potential recoverability of trade receivables with such new customers. We monitor and track the payment by our customers and the ageing of our trade receivables to ensure that our invoices are issued promptly for our customers’ further handling. In the event that there are late payments, we would take follow-up actions such as liaising with our customers and sending them payment reminders. If there are material overdue payments, case-by-base evaluation will be performed to determine the appropriate follow-up actions to recover such trade receivables. We also carry out periodical evaluation of our trade receivables to ensure adequate impairment losses are provided for irrecoverable amounts. We believe that such procedures are effective to mitigate our credit risks. For each of the three years ended 30 September 2017, we had made approximately HK\$12,000, HK\$0.8 million and HK\$1.7 million of provision for impairment of trade receivables respectively. During the Track Record Period, save that we had made an impairment of trade receivables of HK\$1.0 million after a settlement at a lower fee with a customer in an IPO project and the above, we did not experience any material difficulty in collecting trade receivables.

Confidentiality

As we regularly handle confidential and price sensitive information during the provision of our services, we have taken measures to minimise our risks exposure, including entering into confidentiality agreements with our employees when they joined us, our subcontractors and our customers upon requests. For further details of our commitment to confidentiality, please see the paragraph headed “Confidentiality” in this section. During the Track Record Period, we have not experienced any leakage of our customers’ confidential information that resulted in any material dispute with our customers.

Information technology

We only handle and process the information and documents of our customers within our office premises. Our employees may only access Prodo within our office premises. In addition, we do not allow our employees to take any of our customers’ information or documents out of our office premises by any means, including the use of portable storage devices.

We store our data on our key servers which are backed up regularly. Our staff also only have restricted accessibility to the IT information except those necessary for them to perform their roles and responsibilities. For further details regarding the information technology safeguarding industry, please refer to the paragraph headed “Information Technology” in this section.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

There is no specific licensing requirement for conducting our business in Hong Kong (except those which are applicable to all body corporate conducting business in Hong Kong). Our Directors have confirmed that there has not been any material breach of applicable laws, regulations and codes of relevant regulatory authorities on our part since the commencement of our operation and up to the Latest Practicable Date, and we have obtained all relevant approvals, permits, licences and certificates required for our operations.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any claim, lawsuit, litigation or arbitration of material nature and, so far as our Directors are aware of, no litigation or claim or legal proceedings to which we are a defendant of material nature is pending or threatened by or against us.

LEGAL COMPLIANCE MATTERS

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material non-compliance incidents relating to the Group that would have a material adverse effect on our business, financial position and results of operations.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

GENERAL

The Board consists of five Directors, which comprising two executive Directors and three independent non-executive Directors. The following table sets forth certain information concerning our Directors and senior management team:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of appointment as Director</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors or senior management</u>
<i>Directors</i>						
Mr. Chan Tsang Tieh	67	Executive Director and Chairman	20 May 2016	9 October 2009	Providing strategic advice to our Group	None
Mrs. Donati Chan Yi Mei Amy	43	Executive Director and Chief Executive Officer	22 June 2017	1 August 2010	Overseeing the daily operations, general management and strategic planning of our Group	None
Mr. Li Wai Ming	47	Independent non-executive Director	15 November 2017	15 November 2017	Supervising and providing independent judgment to the Board	None
Mr. Wan Chun Wai Andrew	62	Independent non-executive Director	15 November 2017	15 November 2017	Supervising and providing independent judgment to the Board	None
Ms. Chan Chiu Yee Natalie	31	Independent non-executive Director	15 November 2017	15 November 2017	Supervising and providing independent judgment to the Board	None

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of appointment as senior management</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors or senior management</u>
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Senior Management

Ms. Cheng Kwai Yee	41	Chief financial officer and joint company secretary	1 February 2017 as chief financial officer and 22 June 2017 as joint company secretary	1 April 2010	Overseeing daily accounting operation and financial management	None
Ms. Lok Yuen Yu Izabel	45	Chief operations officer	4 January 2010	4 January 2010	Managing the operations in providing our services	None
Ms. Wong Choi Sze Joyce	38	Sales director	4 January 2010	4 January 2010	Managing client relationship	None
Ms. Lee Shuk Yee	51	Sales director	13 August 2012	13 August 2012	Managing client relationship	None

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of our issued share capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into a service contract and a letter of appointment with Mr. Chan and Mrs. Donati respectively, and we have also entered into a letter of appointment with each of our independent non-executive Directors.

Executive Directors

Mr. Chan Tsang Tieh (陳增鉄), aged 67, is the Chairman, Controlling Shareholder, and an executive Director of our Group and is responsible for providing strategic advice to our Group. Mr. Chan was appointed as a Director on 20 May 2016 and was re-designated as an executive Director and the Chairman on 22 June 2017. Mr. Chan is also a member of the nomination committee. He established our Group in October 2009 and has been the Controlling Shareholder to date. During the period from 2004 to 2006, following attending an investment fair conducted by the local government of Fujian, Mr. Chan became interested in and therefore he invested in the business of digital control and automation system in Fujian, the PRC. Prior to that, Mr. Chan set up and operated the business of various industries in Hong Kong, including distribution of household goods, production of belts and shoulder pads during the period from 1986 to 2004. He engaged in these businesses both in a management role and as an investor. From 1973 to 1986, Mr. Chan was a factory worker in different industries in Hong Kong, including bicycle manufacturing and garment production. Mr. Chan received his secondary education in the PRC during 1965 to 1968.

Mr. Chan was a director of the following company which was incorporated in Hong Kong and was struck off and dissolved pursuant to section 291 of the Predecessor Companies Ordinance which provides that the Registrar of Companies in Hong Kong can strike a defunct company off from the register of companies. The relevant details are as follows:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Nature of business</u>	<u>Date of notice of striking off</u>	<u>Date of struck off</u>
Hinton Development Limited	Hong Kong	Never commenced business	26 July 2002	20 December 2002

Mr. Chan confirmed that Hinton Development Limited was struck off due to the fact that it never commenced business and that there is no wrongful act on his part leading to the above dissolution of Hinton Development Limited and that he is not aware of any actual or potential claim has been or will be made against him as a result of the dissolution of such company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Chan was a legal representative and a director of a company which was incorporated in the PRC and the licence of which was revoked as a result of failure to participate in annual enterprise review. The relevant details are as follows:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Nature of business</u>	<u>Date of revocation</u>
Fujian Zhangping Baowei Jiabu Haimian Co. Ltd [#] (福建漳平寶威夾布海綿有限公司)	PRC	Never commenced business	17 April 2001

Mr. Chan confirmed that there is no wrongful act on his part leading to the above dissolution of Fujian Zhangping Baowei Jiabu Haimian Co. Ltd[#] and that he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of such company.

Mrs. Donati Chan Yi Mei Amy (陳綺媚), aged 43, is the Chief Executive Officer and an executive Director of our Group and is responsible for overseeing the daily operations, general management and strategic planning of our Group. Mrs. Donati was appointed as an executive Director on 22 June 2017 and was appointed as the Chief Executive Officer on 30 June 2017. She joined our Group in 1 August 2010 and has held the position of managing director prior to her appointment as the Chief Executive Officer. She is also a member of our remuneration committee. Mrs. Donati has more than 17 years of experience in the financial printing industry. Prior to joining our Group, Mrs. Donati was a general manager and sales director of iOne (Regional) Financial Press Limited from November 2005 to December 2009, and was responsible for the sales and marketing activities and general management of the company. From June 2001 to October 2005, Mrs. Donati worked at Roman Financial Press Limited, and her last position held was an associate sales director being primarily responsible for overseeing the sales and marketing activities of the company. Mrs. Donati was also the sales trainee of RR Donnelley Financial Asia Limited from April 2000 to May 2001, and was responsible for project management. Mrs. Donati graduated from the University of Keele with a bachelor of laws in July 1996.

Independent non-executive Directors

Mr. Li Wai Ming (李威明), aged 47, was appointed as an independent non-executive Director of our Group in November 2017. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Li is also the chairman of our audit committee and risk management committee.

Mr. Li has more than 16 years of experience in the finance industry. From March 1997 to August 1997, Mr. Li was an accountant of Kwan Wong Tan & Fong. In between August 1997 and March 1999, Mr. Li was a staff accountant at Deloitte Touche Tohmatsu. In May 1999, Mr. Li joined USI Holdings Limited, which is now known as Wing Tai Properties Limited and listed on the Stock Exchange (stock code: 369), as an accountant, and was promoted to senior finance manager in January 2014, a position he is currently holding. Mr. Li also served as an independent

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

non-executive director of Ascent International Holdings Limited (previously known as Chanco International Group Limited), a company listed on the Stock Exchange (stock code: 264) from September 2015 to December 2015.

Mr. Li has been a member of the Hong Kong Institute of Certified Public Accountants since May 2000, a fellow of the Association of Chartered Certified Accountants since April 2005, an associate member of the Institute of Chartered Secretaries and Administrators since June 2003, a member of the Hong Kong Institute of Company Secretaries since June 2003, and is currently a certified tax adviser of the Taxation Institute of Hong Kong. Mr. Li obtained his bachelor of arts in accountancy in November 1996, a postgraduate diploma in corporate administration in November 2003 and his master of professional accounting in November 2004, all from the Hong Kong Polytechnic University.

Mr. Wan Chun Wai Andrew (尹振偉), aged 62, was appointed as an independent non-executive Director of our Group in November 2017. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Wan is also the chairman of our remuneration committee and a member of our audit committee, nomination committee and risk management committee.

Mr. Wan has over 20 years of experience in business administration and finance. From February 1987 to February 1998, Mr. Wan was an accounting manager in a garment manufacturing company. He was a finance manager of SGA International Limited, a company in the garment manufacturing industry, from February 1998 to October 2008, and was primarily responsible for handling the finance and administration work of the company. Mr. Wan has retired afterwards.

Mr. Wan was admitted as a fellow member of the Association of Chartered Certified Accountants in September 2007 and a member of Certified General Accountants of Ontario, Canada in June 1986 and Chartered Professional Accountants, Canada in July 2014. Mr. Wan obtained his graduate certificate in business administration from University of South Australia in March 2009 and his master of business administration from the same university in October 2009, both through distance learning.

Mr. Wan was a director of the following company which was incorporated in Hong Kong and dissolved pursuant to section 291 of the Predecessor Companies Ordinance as set forth below:

<u>Name of company</u>	<u>Nature of business</u>	<u>Date of Dissolution</u>	<u>Remarks</u>
Chun Tat Stationery and Cartoon Company Limited	Stationery retail	5 December 2003	The dissolution was applied by Mr. Wan as the director of the company under section 291AA of the Predecessor Companies Ordinance ^(Note) by reason that it has ceased to carry on business or operation for more than three months.

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of the company agreed to such deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) the company has no outstanding liabilities.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wan confirmed that there is no wrongful act on his part leading to the above dissolution of Chun Tat Stationary and Cartoon Company Limited and that he is not aware of any actual or potential claim has been or will be made against him as a result of the dissolution of Chun Tat Stationary and Cartoon Company Limited.

Ms. Chan Chiu Yee Natalie (曾昭怡), aged 31, was appointed as an independent non-executive Director of our Group in November 2017. She is primarily responsible for supervising and providing independent judgment to the Board. Ms. Chan is also the chairwoman of our nomination committee and a member of our audit committee, remuneration committee and risk management committee.

Ms. Chan has over 5 years of experience in the legal industry. In September 2011, Ms. Chan joined Iu, Lai & Li Solicitors & Notaries as a trainee solicitor and stayed with the firm until April 2016, in which she was an assistant solicitor, and was primarily responsible for providing legal advice. Since June 2016, Ms. Chan has been working as a legal consultant at Axiom Global HK Limited, primarily responsible for providing legal advice.

Ms. Chan was admitted a solicitor in Hong Kong in November 2013. Ms. Chan obtained her bachelor of science in corporate finance and accounting from Bentley University in May 2008, her juris doctor degree in December 2010 and her postgraduate certificate in laws in July 2011, both from the Chinese University of Hong Kong.

Disclosure of relationships as required under Rule 17.50(2) of the GEM Listing Rules

Each of our Directors and senior management is independent from and not related to any of our Directors or senior management.

Save as disclosed above and elsewhere in this prospectus, each of our Directors confirmed with respect to himself or herself that: (i) apart from our Company, he or she has not held directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the Latest Practicable Date nor did he/she possess any other major appointment or professional qualifications as are the Latest Practicable Date; (ii) he or she is independent from and not related to any of our Directors, senior management or Controlling Shareholders; (iii) save as disclosed in the paragraph headed “C. Further information about our Directors and substantial shareholders” in Appendix IV to this prospectus, he or she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) he or she does not have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group; (v) there is no other information that should be disclosed for himself or herself pursuant to Rule 17.50(2) of the GEM Listing Rules; and (vi) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

The senior management team of our Group, in addition to the Directors listed above, are as follows:

Ms. Cheng Kwai Yee (鄭桂儀), aged 41, is the chief financial officer and one of the company secretaries of our Group. Ms. Cheng joined the Group in April 2010 and is responsible for overseeing the daily accounting operation and financial management. Ms. Cheng has over 18 years in the accounting industry. Prior to joining the Group, Ms. Cheng was the accounting and human resources manager of EVI Services Limited from March 2008 to March 2010, an educational software service company, and was mainly responsible for handling accounting matters. In between January 2004 and March 2008, Ms. Cheng served as an account officer in Thing On Securities Limited, and was mainly responsible for handling accounting matters. In between July 2001 and November 2003, Ms. Cheng worked as an audit semi-senior at Andrew Ma DFK (CPA) Ltd. From March 2000 to July 2001, Ms. Cheng worked as an audit junior and audit assistant in Gregory K.S. Tsang & Co. From December 1998 to March 2000, Ms. Cheng was an accounting clerk at China Shipping (Hong Kong) Agency Co., Ltd.

Ms. Cheng was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in 2003 and was advanced to fellowship status in 2008. She was also admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2017. She obtained the Bachelor of Business Administration of the Hong Kong Baptist University in December 1998.

Ms. Lok Yuen Yu Izabel (駱婉如), aged 45, joined our Group in January 2010, and is the chief operations officer of our Group. She is responsible for managing the operations in providing our services. Ms. Lok has over 15 years of experience in the financial printing industry. Prior to joining the Group, Ms. Lok was an account servicing director of iOne (Regional) Financial Press Limited from November 2005 to December 2009, mainly responsible for customer services. Ms. Lok served in Roman Financial Press Limited as a customer service executive from July 2001 to October 2005, and was mainly responsible for customer service. Ms. Lok graduated from University of Lethbridge, Canada with a degree of Bachelor of Arts in May 1997.

Ms. Wong Choi Sze Joyce (黃采詩), aged 38, is the sales director of EDICO, responsible for managing client relationship and expanding our Group's network for potential business. Ms. Wong joined our Group in January 2010, and has over 14 years of experience in the financial printing industry, in particular the sales and marketing area. Prior to joining the Group, Ms. Wong was a sales associate of iOne (Regional) Financial Press Limited, a financial printing services provider from November 2005 to December 2009, and was mainly responsible for managing client relationships. In March 2003, Ms. Wong joined Roman Financial Press Limited as a customer service executive, in which she was responsible for providing customer services, and was switched to the position of marketing executive in October 2003, a position she held until October 2005, and was mainly responsible for organising marketing events. Ms. Wong graduated from the University of Victoria, Canada with a degree of Bachelor of Commerce in May 2002.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Lee Shuk Yee (李淑儀), aged 51, joined our Group in August 2012 and is a sales director of EDICO primarily responsible for managing client relationship and expanding our Group's network for potential business. Prior to joining the Group, Ms. Lee worked as a senior account manager in Speedy Design Communications Limited, a company engaging in brand management, and event management business, from May 2011 to August 2012, and was primarily responsible for customer account management. In between September 2002 to April 2011, Ms. Lee served as an account director in The Design Associates Limited, and was primarily responsible for managing customer relationship.

Ms. Lee graduated from Hong Kong Shue Yan College (currently known as Shue Yan University) with a diploma from the Department of Journalism in July 1990. Ms. Lee also obtained a McDonald's International Communications diploma from McDonald's Communications University in February 1997. She also obtained a bachelor of management studies from the University of Hong Kong in December 2004. Ms. Lee has completed the Six Sigma Green Belt Certificate Programme provided by AC&A Consultancy & Training Co. Ltd in March 2011.

Save as disclosed above and elsewhere in this prospectus (if any), each of the members of our senior management confirmed with respect to himself or herself that: (i) as at the Latest Practicable Date, he or she had no interests in our Shares within the meaning of Part XV of the SFO; (ii) he or she did not have any relationships with any Directors, members of our senior management or Controlling Shareholders as at the Latest Practicable Date; and (iii) he or she has not held any directorships in any other public company the securities of which were listed on any securities market in Hong Kong or overseas in the last three years prior to the Latest Practicable Date.

The business address of the senior management team of our Group is 8/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.

JOINT COMPANY SECRETARIES

Ms. Cheng and Mr. Kwok Siu Man (郭兆文) are the joint company secretaries of our Company.

For the biography of Ms. Cheng, please see the subsection headed "Senior management" above.

Mr. Kwok, aged 58, was appointed as one of our joint company secretaries on 22 June 2017. Mr. Kwok has over 30 years of legal, corporate secretarial and management experience. He is an executive director and the Head of Corporate Secretarial of Boardroom Corporate Services (HK) Limited and a director of Boardroom Share Registrars (HK) Limited, our Company's Hong Kong Branch Share Registrar.

From January 2011 to March 2013, Mr. Kwok was the group company secretary of the Lai Sun group comprising, amongst others, Lai Sun Garment (International) Limited (stock code: 191), Lai Sun Development Company Limited (stock code: 488), eSun Holdings Limited (Stock code: 571), Lai Fung Holdings Limited (stock code: 1125) and Media Asia Group Holdings Limited

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(stock code: 8075), and the company secretary of Crocodile Garments Limited (stock code: 122) concurrently. Mr. Kwok was also an independent non-executive director of Grand Ocean Advanced Resources Company Limited (Stock code: 65), a company listed on the Stock Exchange, from February 2015 to February 2016. In addition, Mr. Kwok was a council member and a chief examiner of The Hong Kong Institute of Chartered Secretaries (the “HKICS”). Further, he has been an independent non-executive director of Tak Lee Machinery Holdings Limited, a company listed on the GEM, since 30 June 2017 and is currently an executive committee member of Federation of Share Registrars Limited.

Mr. Kwok obtained a professional diploma in company secretaryship and administration and a bachelor’s degree of arts from the Hong Kong Polytechnic University in November 1983 and November 1994, respectively and a post-graduate diploma in laws from the Manchester Metropolitan University in the United Kingdom in 1998. He passed the Common Professional Examinations in England and Wales in July 1998. Mr. Kwok was admitted as a fellow member of each of the Institute of Chartered Secretaries and Administrators in the United Kingdom, the Institute of Financial Accountants in England and the HKICS in 1990, 1996 and 1994, respectively. He has also been a fellow member of the Association of Hong Kong Accountants, The Hong Kong Institute of Directors and the Institute of Public Accountants in Australia since June 2014, July 2014 and April 2015, respectively.

Mr. Kwok is not an individual employee of our Company, but acts as an external service provider. The Company has nominated Ms. Cheng as its contact point for Mr. Kwok in respect of the company secretarial matter.

COMPLIANCE OFFICER

Mrs. Donati was appointed as the compliance officer under Rule 5.19 of the GEM Listing Rules of our Company on June 2017. Please refer to the paragraph headed “Executive Directors” above in this section for details about her qualifications.

AUTHORISED REPRESENTATIVES

Mrs. Donati and Ms. Cheng are the authorised representatives of our Company for the purpose of the GEM Listing Rules.

BOARD COMMITTEES

We have established the audit committee, remuneration committee, and nomination committee which operate in accordance with their respective terms of reference established by our Board.

Audit Committee

We have established an audit committee on 16 January 2018 with written terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie. The audit committee is chaired by Mr. Li Wai Ming. The primary duties of the audit committee are to assist the Board by providing an independent view

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee on 16 January 2018 with written terms of reference in compliance with Rule 5.34 to 5.36 of the GEM Listing Rules and paragraph B1 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee consists of three members, namely Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie, both being our independent non-executive Directors, and Mrs. Donati, our executive Director. The remuneration committee is chaired by Mr. Wan Chun Wai Andrew. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

Nomination Committee

We have established a nomination committee on 16 January 2018 with written terms of reference in compliance with paragraph A.5 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The nomination committee consists of three members, namely Mr. Chan being our executive Director, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie, both being our independent non-executive Directors. The chairman of the nomination committee is Ms. Chan Chiu Yee Natalie. The primary function of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

Risk Management Committee

We have established a risk management committee on 16 January 2018 with written terms of reference in compliance with paragraph C2 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The risk management committee consists of three independent non-executive Directors, Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie. The risk management committee is chaired by Mr. Li Wai Ming. The primary

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

duties of the risk management committee are to monitor our exposure to risks in carrying out our business and our implementation of related internal control procedures, and evaluate the risks prior to determining whether we should embark on any business opportunities that may involve substantial risks.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Remuneration policy

During the Track Record Period, the total remuneration (including salaries and allowances, discretionary bonuses and contributions to pension schemes) paid by us to our Directors for the three years ended 30 September 2017 was approximately HK\$1.6 million, HK\$1.2 million and HK\$1.5 million, respectively. Under the arrangements currently in force, it is estimated that the aggregate remuneration and benefits-in-kind to our Directors paid or payable (excluding any commission or discretionary bonus) in respect of the year ending 30 September 2018 is approximately HK\$1.8 million. There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended 30 September 2017.

Our Group's principal policies concerning remuneration of Directors and senior management are determined based on the relevant Director or member of senior management's duties, responsibilities, experience, skills, time commitment, performance of our Group and are made with reference to those paid by comparable companies. Our executive Directors and senior management may receive discretionary bonuses which shall be determined by our Board with regard to the performance of the relevant executive Director or member of senior management and the operating results of our Group as a whole in respect of the financial year. Our independent non-executive Directors receive compensation in the form of director fees.

The staff costs of our Group (including salaries, allowances and benefits, and contributions to defined contribution retirement plans) for the three years ended 30 September 2017 amounted to approximately HK\$19.7 million, HK\$22.0 million and HK\$22.8 million respectively.

The aggregate amount of salaries and other allowances and benefits in kind paid by us to the five highest paid employees during the three years ended 30 September 2017 were approximately HK\$3.3 million, HK\$3.0 million and HK\$3.1 million respectively. During the three years ended 30 September 2017, no discretionary bonuses were paid to our five highest paid employees. Approximately HK\$98,000, HK\$88,000 and HK\$82,000 were paid by our Group as contribution to the mandatory provident fund schemes in respect of such employees for the three years ended 30 September 2017, respectively.

We participate in the mandatory provident fund scheme prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees, and we have made the relevant contributions in accordance with the aforesaid laws and

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

regulations. We also provide medical benefits to them. Our employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our Group's profit as a whole and comparable market levels.

COMPLIANCE ADVISER

Our Company has appointed Giraffe Capital Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise our Company on the following matters:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares pursuant to Rule 17.11 of the GEM Listing Rules.

Term

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, subject to termination.

Duties of our Company

Our Company shall fully comply with and discharge our responsibilities under the GEM Listing Rules and other applicable laws, regulations and codes relating to securities and corporate governance that are applicable to our Company.

During the Term, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the circumstances as required under Rule 6A.23 of the GEM Listing Rules.

Termination

The compliance adviser agreement can be terminated by either party upon giving the other party not less than one month's prior written notice.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SHARE OPTION SCHEME

Our Company have conditionally adopted the Share Option Scheme in which certain eligible persons may be granted the Options to acquire our Shares. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed “Appendix IV — Statutory and General Information — D. Share Option Scheme” in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), 75.0% of the issued share capital of our Company will be owned by Achiever Choice, which is an investment holding company wholly-owned by Mr. Chan, one of our executive Directors and our Chairman. Accordingly, Achiever Choice and Mr. Chan are our Controlling Shareholders within the meaning of the GEM Listing Rules. For details of Mr. Chan, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus. For details of Achiever Choice, please refer to the section headed “History, Reorganisation and corporate structure — Reorganisation” in this prospectus.

Save as disclosed above, there is no other person who will, immediately following completion of the Capitalisation Issue and the Share Offer, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following, our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective close associates after Listing.

Management independence

Our management and operational decisions are made by the Board and our senior management. The Board comprises two executive Directors and three independent non-executive Directors. Although Mr. Chan, one of our Controlling Shareholders, also holds directorships in our Group, we consider that our Board and senior management will be able to function independently from our Controlling Shareholders and their respective close associates taking into account the following:

- (a) each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transaction, and shall not be counted in forming quorum;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) our Group has established an (i) audit committee; (ii) remuneration committee; (iii) nomination committee; and (iv) risk management committee. Each committee includes independent non-executive Directors so as to monitor the operation of our Group. Further, we believe that our independent non-executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinion and professional advice in the decision-making process of the Board to protect the interests of our Shareholders; and
- (d) all our senior management members are independent from our Controlling Shareholders and their close associates. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders and their close associates.

Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities for daily operations of our Group. We have full control over our assets to continue our business independently from our Controlling Shareholders and their respective close associates. We do not share operation resources, such as office premises, equipment, sales and marketing and general administration resources with our Controlling Shareholders and their respective close associates.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. Our suppliers and customers are all independent from our Controlling shareholders. We have our own internal control systems and accounting systems for our business operations. We are also in possession of all relevant licences necessary to carry on and operate our business and we have sufficient workforce to operate independently from our Controlling Shareholders and their respective close associates.

In view of the above, our Directors are of the view that we will be able to operate independently from our Controlling Shareholders and their respective close associates.

Financial independence

Mr. Chan had previously advanced an amount to our Group. The amount due to Mr. Chan was approximately HK\$9.3 million, HK\$5.0 million and nil as at 30 September 2015, 30 September 2016 and 30 September 2017, respectively. All of the aforementioned amount due to Mr. Chan were unsecured, non-interest-bearing and with no fixed terms of repayments. Our Group had already repaid all of the amount due to Mr. Chan and as at the Latest Practicable Date, there was no outstanding amount due to Mr. Chan granted or other Controlling Shareholder, or their close associates to us, and there were no guarantees provided for our benefit by our Controlling Shareholders or any of their close associates.

Furthermore, our Group has its own independent financial management system, internal control and accounting system and finance department and make financial decisions according to our own business needs.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors also believe that, upon Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

COMPETITION

Each of our Directors and our Controlling Shareholders have confirmed that, as at the Latest Practicable Date, none of them or their respective close associates has any interest in a business which competes or may compete, either directly or indirectly, with our Group's business, which would otherwise require disclosure under Rule 11.04 of the GEM Listing Rules.

DEED OF NON-COMPETITION

To protect our Group from any potential competition, each of our Controlling Shareholders (collectively, the “**Covenantors**”), entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee of our subsidiaries), pursuant to which the Covenantors have jointly and severally, irrevocably and unconditionally undertaken to and covenanted with our Company (for ourselves and for the benefit of our subsidiaries) that during the continuation of the Deed of Non-competition they would not, and would procure that their close associates (other than any member of our Group) would not, whether on their own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any right or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of financial printing services), in Hong Kong and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on such business from time to time (the “**Restricted Business**”). Such non-competition undertaking does not apply to:

- (i) any interests in the shares of any member of our Group; or
- (ii) interests in the shares of a company other than our Company whose shares are listed on a recognised stock exchange provided that:
 - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated revenue or consolidated assets, as shown in that company's latest audited accounts; or
 - (b) the total number of the shares held by the Covenantors and/or their respective close associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and the Covenantors and/or their respective close associates are not entitled to appoint a majority of the directors of that company and at any

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Covenantors and their respective close associates in aggregate; or

- (c) the Covenantors and/or their respective close associates do not have the control over the board of such company.

The Deed of Non-competition shall take effect upon Listing and shall expire on the earlier of:

- (a) the day on which the Shares cease to be listed on the Stock Exchange or other recognised stock exchange; or
- (b) the day on which the Covenantors and their close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as controlling shareholder under the GEM Listing Rules and do not have power to control the Board or there is at least one other independent Shareholder other than the Covenantors and their close associates holding more Shares than the Covenantors and their close associates taken together.

Pursuant to the Deed of Non-competition, each of the Covenantors has undertaken that if each of the Covenantors and/or any of his/its close associates is offered or becomes aware of any project or new business opportunity (“**New Business Opportunity**”) that relates to the Restricted Business, whether directly or indirectly, he/it shall (i) promptly within ten Business Days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such New Business Opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such New Business Opportunity is offered to him/it and/or his/its close associates.

All of our Directors (excluding those who is/are interested in the New Business Opportunity and has/have conflict of interests with our Company) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 Business Days (the “**30-day Offering Period**”) of receipt of notice from the Covenantors, the Covenantors and/or their close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the new business opportunities, our Company may give a written notice to the Covenantors during the 30-day Offering Period and the Covenantors agree to extend the period to a maximum of 60 Business Days.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) the Articles provide that a Director shall not be counted in the quorum or vote on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless in certain circumstances as expressly stated in the Articles;
- (b) our audit committee will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders;
- (c) our Company will obtain (i) an annual written confirmation in respect of our Controlling Shareholders' compliance with the terms of the Deed of Non-competition, (ii) consent (from each of our Controlling Shareholders) to refer to the said confirmation in our annual reports, and (iii) all information as may reasonably be requested by us and/or our independent non-executive Directors for our review and enforcement of the Deed of Non-competition;
- (d) our Company will disclose decisions and the basis thereof on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in the annual reports of our Company;
- (e) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company; and
- (f) our independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his close associates to be involved in or participate in a Restricted Business and if so, specifying any condition to be imposed.

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

With the corporate governance measures set out above, our Directors believe that the interest of our Shareholders will be protected.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any other member of our Group:

Name	Capacity/Nature of interest	Number of shares held immediately after completion of the Capitalisation Issue and the Share Offer (Note 1)	Percentage of shareholding immediately after completion of the Capitalisation Issue and the Share Offer
Achiever Choice	Beneficial owner	750,000,000 (L)	75.0%
Mr. Chan (Note 2)	Interest in controlled corporation	750,000,000 (L)	75.0%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
2. Achiever Choice is wholly-owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in all the Shares held by Achiever Choice under Part XV of the SFO. Mr. Chan is also an executive Director and a Controlling Shareholder.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any other member of our Group.

SHARE CAPITAL

SHARE CAPITAL

The authorised and issued share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer will be as follows:

Authorised share capital:

	HK\$
<u>5,000,000,000</u> Shares	<u>50,000,000.00</u>

Shares in issue or to be issued, fully paid or credited as fully paid:

100 Shares in issue as at the date of this prospectus	1.00
749,999,900 Shares to be issued pursuant to the Capitalisation Issue	7,499,999.00
<u>250,000,000</u> Shares to be issued pursuant to the Share Offer	<u>2,500,000.00</u>
<u>1,000,000,000</u> Shares	<u>10,000,000.00</u>

In the event that the Offer Size Adjustment Option is exercised in full, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue will be HK\$10,375,000.00 divided into 1,037,500,000 Shares.

Assumptions

The above table assumes the Capitalisation Issue and the Share Offer become unconditional and the issue of Shares pursuant thereto are made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option, any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to in the paragraph headed “General mandate to issue Shares” or the paragraph headed “General mandate to repurchase Shares” in this section (as the case may be).

Minimum public float

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

SHARE CAPITAL

Ranking

The Offer Shares will rank *pari passu* in all respect with all the Shares in issue or to be allotted and issued as set out in this prospectus, and will qualify for all dividends or other distributions declared, made or paid after the Listing Date save for the entitlements under the Capitalisation Issue.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus. As at the Latest Practicable Date, no option has been granted under the Share Option Scheme.

General mandate to issue Shares

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the unissued Shares not exceeding:

- (a) 20% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme); and
- (b) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described in the paragraph headed “General mandate to repurchase Shares” in this section below,

provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be issued pursuant to the approval mentioned above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal with Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements providing for the allotment of Shares in lieu of the whole or in part of any cash dividends or options to be granted under the Share Option Scheme or any other option scheme of our Company or similar arrangement for the time being adopted.

General mandate to repurchase Shares

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be issued pursuant to the

SHARE CAPITAL

exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme), provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be repurchased pursuant to the approval mentioned above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules requirements is set out in the paragraph headed “A. Further information about our Company — 6. Repurchase by our Company of our own securities” in Appendix IV to this prospectus.

The general mandate to issue and repurchase Shares will expire:

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

For further details of these general mandates, please refer to the paragraph headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 16 January 2018” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Pursuant to the written resolutions of our sole Shareholder passed on 16 January 2018, we conditionally adopted the Share Option Scheme. Summary of the principal terms of the Share Option Scheme is set out in the section headed “D. Share Option Scheme” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolutions of shareholders (i) increase its capital; (ii) consolidate its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce its share capital by a special resolution passed by our Shareholders. For more details, please refer to the paragraph headed “Alteration of capital” in Appendix III to this prospectus.

SHARE CAPITAL

Pursuant to the Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For more details, please refer to the paragraph headed “2. Articles of Association — Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Group's combined financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections will depend on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

Our Group is principally engaged in the provision of integrated financial printing services for corporate clients mainly in the financial and capital markets in Hong Kong. We offer a range of integrated services to our customers, including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. We subcontract some of our translation works and all of our printing and binding works to a number of subcontractors. For the three years ended 30 September 2015, 2016 and 2017, our total revenue was approximately HK\$65.3 million, HK\$76.7 million and HK\$84.2 million respectively.

The documents we handle can be categorised into four types, namely listing-related documents, periodical reporting documents, compliance documents, and miscellaneous and marketing collaterals. We also provide ancillary services such as the provision of conference room facilities. For details of our products, please refer to the paragraph headed "Business — Our Products" in this prospectus. The handling of listing-related documents is our mainstream of revenue, representing HK\$21.5 million, HK\$26.9 million and HK\$42.1 million for the three years ended 30 September 2015, 2016 and 2017 respectively, representing 32.9%, 35.0% and 50.1% of our total revenue during the same period, respectively.

Our customers include companies applying for listing on the Stock Exchange, listed companies on the Stock Exchange and other companies and governmental bodies, with HK\$61.4 million, HK\$71.2 million and HK\$80.8 million derived from customers listed or applying for a listing for the three years ended 30 September 2015, 2016 and 2017 respectively, representing 93.9%, 92.9% and 96.1% of our total revenue during the same period, respectively.

BASIS OF PRESENTATION

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law on 30 May 2016. Its parent and ultimate holding company is Achiever Choice, a company incorporated in the BVI with limited liability on 18 April 2016 and is wholly-owned by Mr. Chan. Throughout the Track Record Period, the companies now comprising our Group were under the control of Mr. Chan. Pursuant to the Reorganisation, on 16 January 2018, our Company has become the holding company of the companies now comprising our Group. Our Group comprising our Company and our subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the combined financial statements has been prepared as if our Company had always been the holding company of our Group. For further details of the basis of presentation of our financial statements, please refer to note 2 of the accountants' report as set out in Appendix I to this prospectus. For further details of the Reorganisation, please refer to the paragraph headed "History, Reorganisation and corporate structure — Reorganisation" in this prospectus.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our Group's financial statements have been prepared in accordance with HKFRSs. Significant accounting policies adopted by our Group and key sources of estimation uncertainty are set forth in detail in notes 5 and 6 to the accountants' report as set out in Appendix I to this prospectus. Some of the accounting policies involve subjective assumptions and estimates, as well as judgments related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. We set forth below discussions to supplement the description on critical accounting policies, estimates and judgments adopted in the preparation of our financial statements:

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the bases that (i) incomes from provision of financial printing, translations and media placement services are recognised based on the stage of completion of the contracts by reference to work performed to date as a percentage of total estimated service cost for the contract, in which total estimated service cost are based on the budgets prepared by the management mainly comprise costs for engaging our subcontractors and direct labour costs; and (ii) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset. We recognise revenue from a project over the time only if the outcome of the project can be estimated reliably. Otherwise, we would recognise revenue to the extent of service costs incurred that are likely to be recoverable. Our actual contract costs incurred mainly comprise subcontractor costs and direct labour costs. For further details, please refer to Note 5 to the accountants' report as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

The estimated total service costs of a project are based on budgets prepared by sales representatives, which mainly comprise direct labour costs and subcontractor costs (printing cost and translation cost) to be incurred on the basis that (i) direct labour costs estimated based on the experience of the management on previously completed projects; and (ii) subcontractor costs estimated based on the quotations or previous similar quotes provided by the subcontractors involved and the experience of the management on previously completed projects. The Group recognises revenue from a project over time only if it can reasonably measure the progress towards completion. Otherwise, it would recognise revenue to the extent of actual costs incurred that is probable to be recoverable.

The key stages of the Group's revenue recognition process for an IPO project are as follows:

- | | |
|-------------------|---|
| (1) First Stage: | The first stage refers to the period from engagement with the Group to submission of listing application by the customer. It is the management's view that, during the first stage, the outcome of the project cannot be estimated reliably but it is probable that project costs incurred will be recoverable. Thus, revenue is recognised only to the extent of project costs incurred. |
| (2) Second Stage: | The second stage refers to the period from the submission of listing application by the Group's customer to the completion of IPO project. It is the management's view that, during the second stage, the outcome of the project can be estimated more reliably as the favourable outcome of successful listing of those IPO projects are more probable than the IPO projects which applications have not been submitted. Thus, revenue is recognised based on stage of completion. Stage of completion is obtained by comparing actual project costs incurred and the estimated total service costs. |
| (3) Third Stage: | The third stage refers to the completion or termination (ceasing to proceed) of the IPO project. At the third stage, revenue is recognised based on actual billing. |

Control measures during revenue recognition process

The Group has adopted appropriate control measures to ensure the reasonableness of the estimated total service costs taking into account the progress of the relevant projects.

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The sales representatives of the Group maintain regular contacts with the customers and closely monitor the progress of each project to ensure that (i) the services provided by the Group meet the requirements of customers; (ii) the services are completed within the time stipulated; and (iii) the actual project costs incurred are within the budget of the estimated total service costs for the project. The project management team and the chief operating officer also assist to monitor the overall work quality, actual project costs incurred and the project progress.

The sales representatives would report the progress of projects on hand including the sales activities update to the sales directors in the sales meetings held at least once a month. Following these sales meetings, the management team, including the Chief Executive Officer, chief financial officer, chief operations officer and the sales directors, would hold management meetings for discussion of matters including but not limited to the need of revising estimated total service costs of projects. During these meetings, the Chief Executive Officer will conduct reassessment of estimated total service costs if there were material variation on the scope of work of any individual project with reference to (i) actual project costs incurred; (ii) particulars of material change of request from customers; (iii) material change in project timeline; and (iv) revised quotations from subcontractors, if any.

In relation to the subcontractors' costs, the print, bind and logistics department and chief operations officer are responsible for controlling the costs charged by printing and translation subcontractors through their selection process and price negotiation process.

Critical accounting estimates and judgments

Our management decides accounting estimates and judgments and such estimation requires the subject evaluation and judgments of our Directors. For example, (i) the estimated total work to be performed for a contract is based on our Directors' experience and historical records of completed contracts of similar nature and assessed the work performed to date; (ii) the assessment in the ultimate realisation of outstanding receivables, including creditworthiness and past collection history of each customer and related parties require a considerable amount of judgment by our Directors; and (iii) estimation of the useful life of an asset of the Group is made based on the experience of the Group with similar assets that are used in a similar way. The basis of determination of the estimates and judgments used for the preparation of our financial statements has not changed in the past and are unlikely to change in the near future without unforeseeable events such as change in accounting standard and guidelines. We had not experienced any material deviation between our management's estimate and actual results and had not changed these estimates or the underlying assumptions during the Track Record Period. Our management does not expect any material change in these estimates or the underlying assumptions in the foreseeable future. For details of our critical accounting estimates and judgments, please refer to note 6 to the accountants' report as set out in Appendix I to this prospectus.

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SUMMARY OF HISTORICAL COMBINED FINANCIAL INFORMATION

The selected financial information from our statements of financial position as at 30 September 2015, 2016 and 2017 and our combined statements of profit or loss and other comprehensive income and combined statements of cash flows for the three years ended 30 September 2017 set forth below are extracted from our accountants' report included in Appendix I to this prospectus, and should be read in conjunction with the accountants' report set forth in Appendix I to this prospectus.

Combined statements of profit or loss and other comprehensive income

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Revenue	65,329	76,725	84,155
Cost of services	<u>(29,069)</u>	<u>(33,970)</u>	<u>(35,264)</u>
Gross profit	36,260	42,755	48,891
Other income	11	27	47
Selling and distribution expenses	(3,619)	(4,211)	(3,861)
Administrative expenses	<u>(19,851)</u>	<u>(25,128)</u>	<u>(31,511)</u>
Profit before tax	12,801	13,443	13,566
Income tax expense	<u>(2,168)</u>	<u>(2,689)</u>	<u>(3,350)</u>
Profit for the year	<u>10,633</u>	<u>10,754</u>	<u>10,216</u>
Other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year attributable to owners of the Company	<u><u>10,633</u></u>	<u><u>10,754</u></u>	<u><u>10,216</u></u>

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Combined statements of financial position

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	<u>772</u>	<u>648</u>	<u>555</u>
Current assets			
Amounts due from customers on service contracts	2,545	6,877	6,768
Trade receivables	29,101	17,871	23,861
Prepayments, deposits and other receivables	2,722	3,657	5,071
Cash and cash equivalents	<u>11,267</u>	<u>23,379</u>	<u>19,091</u>
Total current assets	<u>45,635</u>	<u>51,784</u>	<u>54,791</u>
Current liabilities			
Amounts due to customers on service contracts	661	1,417	1,815
Trade payables	4,603	4,242	4,501
Other payables and accruals	4,141	4,433	6,239
Due to Controlling Shareholder	9,262	5,000	—
Income tax payable	<u>4,900</u>	<u>3,746</u>	<u>3,981</u>
Total current liabilities	<u>23,567</u>	<u>18,838</u>	<u>16,536</u>
Net current assets	<u>22,068</u>	<u>32,946</u>	<u>38,255</u>
Net assets	<u>22,840</u>	<u>33,594</u>	<u>38,810</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	—	—	—
Reserves	<u>22,840</u>	<u>33,594</u>	<u>38,810</u>
Total equity	<u>22,840</u>	<u>33,594</u>	<u>38,810</u>

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Combined statements of cash flow

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents at the beginning of the year	<u>12,701</u>	<u>11,267</u>	<u>23,379</u>
Net cash (used in)/generated from operating activities	(1,178)	12,282	883
Net cash used in investing activities	(256)	(170)	(171)
Net cash used in financing activities	<u>—</u>	<u>—</u>	<u>(5,000)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,434)</u>	<u>12,112</u>	<u>(4,288)</u>
Cash and cash equivalents at the end of the year	<u><u>11,267</u></u>	<u><u>23,379</u></u>	<u><u>19,091</u></u>

MAJOR FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The operating results and financial conditions of our Group have been and will continue to be affected by a number of factors including those set out below and in the section headed “Risk Factors” in this prospectus.

Our ability to retain existing customers

We provide services to our customers on a project-by-project basis and generally do not enter into long-term agreements with them. Accordingly, the volume of work our customers engage us may vary and they have no obligation to re-engage us in future projects. We cannot guarantee that we will be successful in retaining sufficient number of customers to maintain our existing financial performance. Our success in retaining existing customers depends on a number of factors, including the quality of our services, our marketing strategies, the market demand for our services, and the competition in the industry, some of which are not under our control.

For the three years ended 30 September 2017, we had a total of 204, 207 and 203 customers respectively, of which 114, 127 and 128 customers respectively were recurring customers. During the same period, revenue generated from our recurring customers amounted to approximately HK\$44.1 million, HK\$48.2 million, and HK\$60.6 million respectively, representing approximately 67.5%, 62.9% and 72.0% of our total revenue respectively.

Growth of the Hong Kong stock market

We operate our business in Hong Kong and we rely on the positive performance of the economic and financial market of Hong Kong for our continuous business growth. For the three years ended 30 September 2017, we served 129, 136 and 134 customers respectively that are companies listed on the Stock Exchange and are subject to the compliance requirements of the Stock Exchange for the publication of, among other things, announcements, financial reports and compliance documents, representing 63.2%, 65.7% and 66.0% respectively of our total number of customers during the same period. 27, 36 and 49 of our customers were applying to be listed on the Stock Exchange for the three years ended 30 September 2017, representing 13.2%, 17.4% and 24.1% of our total number of customers respectively. Accordingly, demand for our services and products may be higher when the economic and financial market perform well with higher number of fund raising events and corporate activities.

Changes in the rules and regulations relating to the industry

We mainly handle listing-related documents, periodical reporting documents, compliance documents, and other miscellaneous and marketing collaterals for our customers, which are subject to regulatory requirements such as those set out by the Stock Exchange and the SFC. Accordingly, we may be susceptible to any changes in laws and regulations in relation to the requirements of the

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documents we handle and such changes are out of our control. Any amendments to the existing laws and regulations governing our existing and new customers, such as relaxation on laws or regulations requiring the publication of documents or replacing print materials with a more environmentally friendly web-based distribution channel, may affect the demand of our services and may significantly affect our business and prospects in the future.

Performance of the subcontractors

During the Track Record Period, we subcontracted some of our translation works and all of our printing works to independent subcontractors on a project-by-project basis. Accordingly, we cannot guarantee that we will be successful in maintaining our working relationships with our subcontractors nor we will be able to secure the existing price quote for our subcontracting works in the future. For each of the three years ended 30 September 2017, our costs attributable to our subcontractors were approximately HK\$15.6 million, HK\$17.8 million and HK\$20.3 million respectively, representing 53.7%, 52.4% and 57.5% of our total costs during the same period respectively. As such, in the event that our subcontractors revise the subcontracting prices upwards, and if we are unable to engage alternative service providers, we may incur additional costs to our operations or may not be able to deliver our services to our customers promptly. Accordingly, our profitability may be adversely affected.

Risks associated with the commercial real estate rental market

During the Track Record Period and up to the Latest Practicable Date, we rented our Central Office and Kowloon Office from Independent Third Parties. For the three years ended 30 September 2017, we incurred HK\$9.8 million, HK\$10.3 million and HK\$10.4 million respectively of rental, rates and building management fee expenses, representing approximately 15.0%, 13.4% and 12.4% of our total revenue during the same period. As such leases for properties were for terms ranging from two to four years, we are susceptible to the rental fluctuation upon the expiration of such leases. In addition, we intend to set up the New Office in Central and Western District upon the expiration of the lease of our Kowloon Office. If there is any significant increase in rental costs in the commercial real estate market, we may incur significantly higher rental expense upon the renewal of our existing leases or in entering into new leases. Accordingly, the pressure on our operating cash flows may increase and thereby materially and adversely affecting our business, results of operations, financial position and prospects.

Competition

The financial printing services industry is highly competitive in Hong Kong. According to Ipsos Report, there were 21 financial printing service providers in Hong Kong as at 30 September 2016 and we ranked 9th in terms of the revenue within the financial printing industry in Hong Kong in 2016 with market share of approximately 4.2%. During the Track Record Period, we derived over 90% of our revenue from our customers that are listed or applying to be listed on the Stock Exchange. Accordingly, our financial condition and results of operations will be affected by our ability to remain competitive in the industry.

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Sensitivity Analysis

The following tables illustrate the sensitivity analysis of the estimated increase or decrease of our profit before tax in relation to general percentage changes to subcontractor charges and direct labour costs with all other variables remaining constant.

Sensitivity analysis on price of subcontractor costs

	Impact on profit before tax		
	For the year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Subcontractor costs (decrease)/increase by:			
(10%)	1,561	1,778	2,030
(5%)	780	889	1,015
5%	(780)	(889)	(1,015)
10%	(1,561)	(1,778)	(2,030)

For illustrative purposes, for the three years ended 30 September 2017, it is estimated that we would achieve breakeven on our profit before tax if our subcontractor charges increased by approximately 82.3%, 75.6% and 66.8%, respectively, with all other variables remaining constant.

Sensitivity analysis on price of direct labour costs, in-house translation costs and design costs

	Impact on profit before tax		
	For the year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Direct labour costs (decrease)/increase by:			
(10%)	980	1,034	971
(5%)	490	517	485
5%	(490)	(517)	(485)
10%	(980)	(1,034)	(971)

For illustrative purposes, for the three years ended 30 September 2017, it is estimated that we would achieve breakeven on our profit before tax if our direct labour costs, in-house translation costs and design costs increased by approximately 130.6%, 130.0% and 139.7%, respectively, with all other variables remaining constant.

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MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR GROUP

The following discussion is based on our historical results of operations and may not be indicative of our future operating performance.

Revenue

We are principally engaged in the business of providing integrated printing services for corporate clients mainly in the financial and capital markets in Hong Kong. We offer a range of integrated services to our customers, including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. During the Track Record Period, all of our revenue was generated in Hong Kong. For the three years ended 30 September 2017, our revenue was approximately HK\$65.3 million, HK\$76.7 million and HK\$84.2 million respectively.

The following table sets out a breakdown of our revenue by the types of products we handle for the years indicated:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Listing-related documents (<i>Note 1</i>)	21,506	32.9	26,862	35.0	42,137	50.1
Periodical reporting documents (<i>Note 2</i>)	23,614	36.2	26,323	34.3	24,577	29.2
Compliance documents (<i>Note 3</i>)	15,219	23.3	18,325	23.9	15,613	18.6
Miscellaneous and marketing collaterals (<i>Note 4</i>)	4,990	7.6	5,215	6.8	1,828	2.1
	<u>65,329</u>	<u>100</u>	<u>76,725</u>	<u>100</u>	<u>84,155</u>	<u>100</u>

Notes:

1. Listing-related documents include listing documents, prospectuses and relevant announcements in connection with an application of listing.
2. Periodical reporting documents include annual reports, interim reports and quarterly reports published by listed companies.
3. Compliance documents include announcements, circulars, notices or other documents published by listed companies in compliance with the Listing Rules and the GEM Listing Rules.
4. Miscellaneous and marketing collaterals mainly include corporate brochures, leaflets, calendars and other marketing materials.

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For the three years ended 30 September 2017, (i) the revenue generated from listing-related documents represented approximately 32.9%, 35.0% and 50.1% of our total revenue; (ii) the revenue generated from periodical reporting documents represented approximately 36.2%, 34.3% and 29.2% of our total revenue; (iii) the revenue generated from compliance documents represented approximately 23.3%, 23.9% and 18.6% of our total revenue; and (iv) the revenue generated from miscellaneous and marketing collaterals represented approximately 7.6%, 6.8% and 2.1% of our total revenue respectively.

For the two years ended 30 September 2016, the percentage of revenue generated from each type of documents we handled to our total revenue were relatively stable. The percentage of revenue generated from listing-related documents of our total revenue increased from 35.0% for the year ended 30 September 2016 to 50.1% for the year ended 30 September 2017 mainly due to the increase in number of customers successfully listed on the Stock Exchange during the year ended 30 September 2017.

The following table sets out a breakdown of our revenue by the types of customers we serve for the years indicated:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
IPO applicants	21,506	32.9	26,862	35.0	42,137	50.1
Listed companies	39,868	61.0	44,387	57.9	38,709	46.0
Others (<i>Note</i>)	3,955	6.1	5,476	7.1	3,309	3.9
	<u>65,329</u>	<u>100</u>	<u>76,725</u>	<u>100</u>	<u>84,155</u>	<u>100</u>

Note: Others include private companies and governmental bodies.

For the three years ended 30 September 2017, (i) the revenue generated from services provided to companies applying to be listed on the Stock Exchange represented approximately 32.9%, 35.0% and 50.1% of our total revenue; (ii) the revenue generated from services provided to companies that are listed on the Stock Exchange represented approximately 61.0%, 57.9% and 46.0% of our total revenue; and (iii) the revenue generated from services provided to other companies or organisations represented approximately 6.1%, 7.1% and 3.9% of our total revenue.

Cost of services

By nature of our costs

Our cost of services mainly represents (i) our subcontractor costs which comprises of translation costs and printing costs; (ii) our direct labour costs; (iii) our in-house translation costs; (iv) our design costs; (v) food and beverages costs; (vi) advertising costs; and (vii) other costs such as photocopiers rental and stock photo purchasing. For the three years ended 30 September 2017,

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our cost of services amounted to approximately HK\$29.1 million, HK\$34.0 million and HK\$35.3 million respectively. The following table sets out the summary of our cost of services during the Track Record Period:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Subcontractor costs						
Translation costs	4,728	16.3	6,044	17.8	9,766	27.7
Printing costs	10,880	37.4	11,738	34.6	10,535	29.9
Direct labour costs	5,815	20.0	6,010	17.7	6,249	17.7
In-house translation costs	2,485	8.5	2,802	8.3	1,825	5.2
Design costs	1,503	5.2	1,526	4.5	1,635	4.6
Food and beverage costs	813	2.8	1,272	3.7	1,929	5.5
Advertising costs	1,356	4.7	2,765	8.1	1,138	3.2
Others (<i>Note</i>)	1,489	5.1	1,813	5.3	2,187	6.2
	<u>29,069</u>	<u>100</u>	<u>33,970</u>	<u>100</u>	<u>35,264</u>	<u>100</u>

Note: Others include photocopiers rental and stock photo purchasing.

As we subcontract some of our translation works and all of our printing and binding works to our subcontractors and accordingly our subcontracting costs, which include translation costs and printing costs, were the two largest components of our cost of services during the Track Record Period. Translation cost represents the cost for engaging our translation subcontractors and printing costs include the fees charged by our printing subcontractors which provide printing and binding services to us. For the three years ended 30 September 2017, translation costs represented approximately 16.3%, 17.8% and 27.7% of our total cost of services, respectively, whereas printing costs represented approximately 37.4%, 34.6% and 29.9% of our total cost of services respectively.

By types of documents we handle

A summary of our cost of services attributable to the types of documents we handle during the Track Record Period is set out in the table below:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Listing-related documents	7,513	25.9	8,880	26.1	15,422	43.7
Periodical reporting documents	12,881	44.3	13,954	41.1	12,782	36.2
Compliance documents	6,659	22.9	7,926	23.3	6,269	17.8
Miscellaneous and marketing collaterals (<i>Note</i>)	2,016	6.9	3,210	9.5	791	2.3
	<u>29,069</u>	<u>100</u>	<u>33,970</u>	<u>100</u>	<u>35,264</u>	<u>100</u>

Note: Miscellaneous and marketing collaterals mainly include corporate brochures, leaflets, calendars and other marketing materials.

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As we provide our integrated financial printing services to our customers for the handling of the documents according to their requests, our cost of sales attributable to each category of documents we handle is generally related to the demand for the handling of the respective type of documents. The handling of periodical reporting documents was the largest component of our cost of services for the two years ended 30 September 2016, representing approximately 44.3% and 41.1% respectively. The handling of listing-related documents was the largest component of our cost of services for the year ended 30 September 2017, representing approximately 43.7%.

By types of our customers

A summary of our cost of services attributable to each type of customers during the Track Record Period is set out in the table below:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
IPO applicants	7,513	25.9	8,880	26.1	15,422	43.7
Listed companies	20,039	68.9	23,067	67.9	18,114	51.4
Others (<i>Note</i>)	1,517	5.2	2,023	6.0	1,728	4.9
	<u>29,069</u>	<u>100</u>	<u>33,970</u>	<u>100</u>	<u>35,264</u>	<u>100</u>

Note: Others include private companies and governmental bodies.

For the three years ended 30 September 2017, the cost of services attributable to each type of our customers was in line with the revenue attributable to the respective type of customers.

Gross profit and gross profit margin

For the three years ended 30 September 2017, our total gross profit was approximately HK\$36.3 million, HK\$42.8 million and HK\$48.9 million, respectively.

The following table sets out a breakdown of our gross profit and gross profit margin by the type of documents we handle during the three years ended 30 September 2017:

	Year ended 30 September					
	2015		2016		2017	
	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %
Listing-related documents	13,993	65.1	17,982	66.9	26,715	63.4
Periodical reporting documents	10,733	45.5	12,369	47.0	11,795	48.0
Compliance documents	8,560	56.3	10,399	56.7	9,344	59.8
Miscellaneous and marketing collaterals (<i>Note</i>)	<u>2,974</u>	<u>59.6</u>	<u>2,005</u>	<u>38.4</u>	<u>1,037</u>	<u>56.7</u>
Total	<u>36,260</u>	<u>55.5</u>	<u>42,755</u>	<u>55.7</u>	<u>48,891</u>	<u>58.1</u>

Note: Miscellaneous and marketing collaterals mainly include corporate brochures, leaflets, calendars and other marketing materials.

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For the three years ended 30 September 2017, the gross profit margins of our listing-related documents, periodical-reporting documents and compliance documents we handled remained at similar levels as the types of services we provided for the respective documents remained similar. The gross profit margin of our miscellaneous and marketing collaterals experienced fluctuations during the Track Record Period due to the various types and specifications of documents we handled. Our overall gross profit margin remained relatively stable at approximately 55.5%, 55.7% and 58.1% respectively for the three years ended 30 September 2017.

During the Track Record Period, certain completed projects' gross profit margins were higher than the Group's overall gross profit margins for the following reasons: (i) the extension of scope of work, which includes additional items (including additional announcements or circulars and translation works) required by customers out of the originally agreed scope of works, would be charged at a comparatively higher margin than those agreed in initial agreed contracts; (ii) the additional volume of works, which includes extra pages on top of the agreed pages specified in originally agreed pages of documents, would be charged a comparatively higher margin than those agreed in initial contracts where the print, bind and logistics department usually could manage to control the extra printing charges at regular levels; (iii) the expiry of term, meaning which the clients' projects may encounter delays and may exceed the originally agreed term and such services provided after the expiry of term under initial contracts would be charged at a comparatively higher margin than those agreed in initial contracts; and (iv) urgent or weekend printing works, meaning which extra fees would be charged upon the customers for urgent or weekend printing works where the print, bind and logistics department usually could manage to control the extra printing charges at regular levels.

The gross profit margins of listing-related documents were 65.1%, 66.9% and 63.4% respectively for the three years ended 30 September 2017, which were higher than the other categories of documents. The higher gross profit margins of listing-related documents was primarily due to its generally longer timeframe of work compared to other categories of documents, may easier be accounted for additional items of work being charged at a comparatively higher margin than those agreed in initial agreed contracts, including but not limited to additional scope of work, volume of work, as well as urgent or weekend work.

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The following table sets out a breakdown of our gross profit and gross profit margin by the category of our customers during the three years ended 30 September 2017:

	Year ended 30 September					
	2015		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
IPO applicants	13,993	65.1	17,982	66.9	26,715	63.4
Listed companies	19,829	49.7	21,320	48.0	20,595	53.2
Others	<u>2,438</u>	61.6	<u>3,453</u>	63.1	<u>1,581</u>	47.8
Total	<u>36,260</u>	55.5	<u>42,755</u>	55.7	<u>48,891</u>	58.1

For the three years ended 30 September 2017, most of our gross profit was derived from our customers that are listed or applying to be listed on the Stock Exchange, which accounted approximately 93.3%, 91.9% and 96.8% of our total gross profit, respectively. Our overall gross profit margin remained relatively stable at approximately 55.5%, 55.7% and 58.1% for the three years ended 30 September 2017, respectively. The gross profit margins of our customers that were applying to be listed on the Stock Exchange for the two years ended 30 September 2016 remained relatively stable while such gross profit margins decreased from approximately 66.9% for the year ended 30 September 2016 to 63.4% for the year ended 30 September 2017 due to the increase in the cost of translation subcontractors incurred. The gross profit margins of our customers that were listed companies remained relatively stable for the two years ended 30 September 2016, and increased to approximately 53.2% for the year ended 30 September 2017 mainly due to (i) the increase of revenue generated from listing-related documents which has a relatively higher gross profit margin compared with other types of documents; and (ii) the increase in overall gross profit margin of periodical reporting documents and compliance documents. As to our other customers, the gross profit margins during the two years ended 30 September 2016 remained relatively stable and decreased from approximately 63.1% for the year ended 30 September 2016 to 47.8% for the year ended 30 September 2017 as we were not engaged by certain customers for the handling of projects which had relatively higher gross profit margins in the year ended 30 September 2016.

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Other income

Our other income mainly includes bank interest income and sundry income. For the three years ended 30 September 2017, our other income was approximately HK\$11,000, HK\$27,000 and HK\$47,000, respectively. The following table sets out a breakdown of our other income for the periods indicated:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	1	1	3
Sundry income	10	26	44
	<u>11</u>	<u>27</u>	<u>47</u>

Selling and distribution expenses

Our selling and distribution expenses mainly include (i) staff costs, including the bonuses and commissions paid to our sales representatives; (ii) advertising expenses; and (iii) entertainment expenses, representing our expenses in maintaining business relationships. Our selling and distribution expenses were approximately HK\$3.6 million, HK\$4.2 million and HK\$3.9 million for the three years ended 30 September 2017, respectively. The following table sets out a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Staff costs	2,829	78.2	3,168	75.2	2,966	76.8
Advertising expenses	332	9.2	539	12.8	213	5.5
Entertainment expenses	372	10.3	388	9.2	511	13.2
Others (<i>Note</i>)	86	2.3	116	2.8	171	4.5
	<u>3,619</u>	<u>100</u>	<u>4,211</u>	<u>100</u>	<u>3,861</u>	<u>100</u>

Note: Others mainly include travelling expenses incurred for our marketing purposes and telephone expenses.

During the three years ended 30 September 2017, staff costs, including bonuses and commissions paid to our sales representatives, were the largest component of our selling and administrative expenses, amounting to approximately HK\$2.8 million, HK\$3.2 million and HK\$3.0 million, representing approximately 78.2%, 75.2% and 76.8% of our selling and distribution expenses during the same periods respectively.

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Administrative expenses

Our administrative expenses mainly include (i) rental expenses including the lease and management fees and rates of our office premises; (ii) staff costs of our staff mainly for handling administrative and quality control matters; (iii) staff welfare representing other payments to our staff including team-building activities; (iv) remuneration of our auditors; (v) depreciation charges on the leasehold improvement, office equipment and furniture and fixtures; (vi) provision for impairment of trade receivables; (vii) property, plant and equipment written off; (viii) impairment of amounts due from customers on service contracts; and (ix) our Listing expenses. Our administrative expenses were approximately HK\$19.9 million, HK\$25.1 million and HK\$31.5 million for the three years ended 30 September 2017, respectively. The following table sets out a breakdown of our administrative expenses for the periods indicated:

	Year ended 30 September					
	2015		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Rental expenses	9,808	49.4	10,325	41.1	10,430	33.1
Staff costs	7,066	35.6	8,456	33.7	10,098	32.0
Staff welfare	394	2.0	188	0.8	172	0.5
Auditor's remuneration	163	0.8	163	0.6	172	0.5
Depreciation	865	4.3	295	1.2	267	0.9
Provision for impairment of trade receivables	12	0.1	782	3.1	1,698	5.4
Property, plant and equipment written off	16	0.1	—	—	—	—
Impairment of amounts due from customers on service contracts	—	—	402	1.6	—	—
Listing expenses	—	—	2,898	11.5	6,779	21.5
Others (<i>Note</i>)	1,527	7.7	1,619	6.4	1,895	6.1
	<u>19,851</u>	<u>100</u>	<u>25,128</u>	<u>100</u>	<u>31,511</u>	<u>100</u>

Note: Others mainly include our miscellaneous administrative expenses such as utilities expenses and internal printing and stationery expenses.

During the three years ended 30 September 2017, rental expenses were the largest component of our administrative expenses, amounting to approximately HK\$9.8 million, HK\$10.3 million and HK\$10.4 million, representing approximately 49.4%, 41.1% and 33.1% of our administrative expenses during the same periods respectively. Our staff costs and staff welfare collectively remained relatively stable as a percentage of our administrative expenses, amounting to approximately 37.6%, 34.5% and 32.5% of our total administrative expenses during the three years ended 30 September 2017 respectively.

Income tax expense

Hong Kong profits tax is calculated at domestic income tax rate of 16.5% of the estimated assessable profit. Accordingly, our subsidiaries that are incorporated in Hong Kong were subject to the Hong Kong profits tax. During the Track Record Period, the effective tax rate of the Group was

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16.9%, 20.0% and 24.7% respectively. For the three years ended 30 September 2017, our income tax expense amounted to approximately HK\$2.2 million, HK\$2.7 million and HK\$3.4 million. The following table sets out a breakdown of our income tax expense for the periods indicated:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Profit before tax	<u>12,801</u>	<u>13,443</u>	<u>13,566</u>
Tax at the domestic income tax rate	2,112	2,218	2,238
Expenses not deductible for tax	2	479	1,122
Unrecognised temporary differences	82	(14)	(17)
Tax losses not recognised	12	6	7
Others (<i>Note</i>)	<u>(40)</u>	<u>—</u>	<u>—</u>
Income tax expense	<u>2,168</u>	<u>2,689</u>	<u>3,350</u>

Note: Others represent the tax concession of subsidiaries of our Group during the respective periods granted under budget prepared by the Financial Secretary of Hong Kong

As at 30 September 2015, 2016 and 2017, we had tax losses not recognised of approximately HK\$12,000, HK\$6,000 and HK\$7,000 respectively, which are mainly due to the tax losses arising from net loss of our subsidiaries. Save for ORTUS and Huge Alliance which recorded net loss for the three years ended 30 September 2017, our Directors confirm that none of the subsidiaries of our Company incurred tax loss during the Track Record Period.

Our Directors confirm that we had made all required tax filings in all relevant jurisdictions and paid all tax liabilities that had become due. We are not subject to any dispute or potential dispute with any tax authorities.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 30 September 2016 compared to year ended 30 September 2017

Revenue

Our revenue increased by approximately HK\$7.5 million or 9.8% from HK\$76.7 million for the year ended 30 September 2016 to HK\$84.2 million for the year ended 30 September 2017. Such increase was mainly due to increase in revenue generated from the handling of listing-related documents by approximately HK\$15.3 million and partially offset by decrease in revenue generated from the handling of periodical reporting documents of approximately HK\$1.7 million, compliance documents of approximately HK\$2.7 million and miscellaneous and marketing collaterals of approximately HK\$3.4 million. The increase in revenue generated from the handling of listing-related documents was mainly due to the increase in number of our customers that listed

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successfully on the Stock Exchange for the year ended 30 September 2017 as compared to the year ended 30 September 2016. The higher revenue generated from the handling of compliance documents for the year ended 30 September 2016 was mainly due to the engagement of one customer in relation to its privatisation during the year ended 30 September 2016.

Cost of services

Our cost of services increased by approximately HK\$1.3 million or 3.8% from HK\$34.0 million for the year ended 30 September 2016 to HK\$35.3 million for the year ended 30 September 2017, mainly due to an increase in translation costs of approximately HK\$3.8 million from HK\$6.0 million for the year ended 30 September 2016 to HK\$9.8 million for the year ended 30 September 2017 deriving from the higher number of listing-related documents we handled, which requires more translation works and accordingly higher translation costs than the handling of other documents such as periodical reporting documents. The increase in translation costs was partially offset by the decrease in advertising costs of approximately HK\$1.7 million from HK\$2.8 million for the year ended 30 September 2016 to HK\$1.1 million for the year ended 30 September 2017 as one of our customers listed on the Stock Exchange incurred advertising costs in the course of its privatisation during the year ended 30 September 2016, and following the completion of the privatisation process of such customer in August 2016, no such advertising costs were incurred during the year ended 30 September 2017.

Gross profit and gross profit margin

Our overall gross profit increased by approximately HK\$6.1 million or 14.3% from HK\$42.8 million for the year ended 30 September 2016 to HK\$48.9 million for the year ended 30 September 2017. Such increase was mainly due to increase in gross profit of our listing-related documents of approximately HK\$8.7 million, partially offset by decrease in gross profit generated from our periodical reporting documents of approximately HK\$0.6 million, compliance documents of approximately HK\$1.1 million and miscellaneous and marketing collaterals of approximately HK\$1.0 million. The increase in gross profit of our listing-related documents corresponds with the increase in revenue of our listing-related documents. The decrease in the gross profit of our periodical reporting documents, compliance documents and miscellaneous and marketing collaterals corresponds with the decrease in revenue generated from the handling of the respective documents.

Our overall gross profit margin increased from approximately 55.7% for the year ended 30 September 2016 to 58.1% for the year ended 30 September 2017. Such increase was mainly due to (i) increase in proportion of our gross profit which was derived from our listing-related documents as a result of an increase in number of customers who successfully listed on the Stock Exchange during the year ended 30 September 2017, and (ii) increase in gross profit margin of our periodic reporting documents, compliance documents and miscellaneous and marketing collaterals.

Other income

Our other income increased from HK\$27,000 for the year ended 30 September 2016 to HK\$47,000 for the year ended 30 September 2017 arising from our sundry income.

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Selling and distribution expenses

Our overall selling and distribution expenses decreased by approximately 7.1% or HK\$0.3 million from approximately HK\$4.2 million for the year ended 30 September 2016 to HK\$3.9 million for the year ended 30 September 2017 respectively, which was mainly due to (i) decrease in our staff costs of approximately HK\$0.2 million and (ii) decrease in our advertising expenses by approximately HK\$0.3 million as we held a one-off marketing event in January 2016 to celebrate our 5th anniversary.

Administrative expenses

Our administrative expenses increased by approximately HK\$6.4 million or 25.5% from approximately HK\$25.1 million for the year ended 30 September 2016 to approximately HK\$31.5 million for the year ended 30 September 2017. Such increase was mainly due to (i) increase in staff expenses of approximately HK\$1.6 million as we employed more staff; (ii) increase in rental expenses of approximately HK\$0.1 million as the rental rate of our Central Office increased upon renewal of the lease which became effective in January 2016; (iii) increase in provision for impairment of trade receivables of approximately HK\$0.9 million as a settlement with a customer at a lower amount was made; and (iv) increase in our Listing expenses of approximately HK\$3.9 million from approximately HK\$2.9 million to HK\$6.8 million.

Income tax expense

Our income tax expense increased by approximately HK\$0.7 million or 25.9% from approximately HK\$2.7 million for the year ended 30 September 2016 to approximately HK\$3.4 million for the year ended 30 September 2017. Such increase was mainly due to an increase in our revenue.

Profit for the year and net profit margin

Our overall profit decreased by approximately HK\$0.6 million or 5.6% from approximately HK\$10.8 million for the year ended 30 September 2016 to approximately HK\$10.2 million for the year ended 30 September 2017, which was mainly due to the increase in gross profit and was offset by the increase in staff costs and Listing expenses.

Our net profit margin decreased from a net profit margin of 14.0% for the year ended 30 September 2016 to net profit margin 12.1% for the year ended 30 September 2017, mainly due to increase in staff costs and Listing expenses for the year ended 30 September 2017.

Year ended 30 September 2015 compared to year ended 30 September 2016

Revenue

Our revenue increased by approximately HK\$11.4 million or 17.5% from HK\$65.3 million for the year ended 30 September 2015 to HK\$76.7 million for the year ended 30 September 2016. Such increase was mainly due to increase in revenue generated from (i) listing-related documents of

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approximately HK\$5.4 million from HK\$21.5 million to HK\$26.9 million; (ii) periodical reporting documents of approximately HK\$2.7 million from HK\$23.6 million to HK\$26.3 million; (iii) compliance documents of approximately HK\$3.1 million from HK\$15.2 million to HK\$18.3 million; and (iv) miscellaneous and other marketing collaterals of approximately HK\$0.2 million from HK\$5.0 million to HK\$5.2 million. The increase in our revenue generated from listing-related documents was mainly due to the increase in our number of customers applying to be listed on the Stock Exchange. The increase in our revenue generated from periodical reporting and compliance documents was mainly due to (i) increase in our number of customers that became listed on the Stock Exchange and further engaged our services to handle their periodical reporting and compliance documents during the relevant periods; and (ii) the engagement of one customer in relation to its privatisation during the year ended 30 September 2016. The increase in our revenue generated from miscellaneous and marketing collaterals was mainly due to increase in revenue generated from our customers that are governmental bodies.

Cost of services

Our cost of services increased by approximately HK\$4.9 million or 16.8% from HK\$29.1 million for the year ended 30 September 2015 to HK\$34.0 million for the year ended 30 September 2016. Such increase was mainly due to increase in our (i) translation costs of approximately HK\$1.3 million; (ii) printing costs of approximately HK\$0.9 million; and (iii) food and beverages costs of approximately HK\$0.5 million, due to increase in the number of customers that engaged us for the handling of listing-related and periodical reporting documents; and (iv) advertising costs of approximately HK\$1.4 million as one of our customers listed on the Stock Exchange was in the process of being privatised during the year ended 30 September 2016 and therefore incurred advertising costs.

Gross profit and gross profit margin

Our overall gross profit increased by approximately HK\$6.5 million or 17.9% from HK\$36.3 million for the year ended 30 September 2015 to HK\$42.8 million for the year ended 30 September 2016. Such increase was mainly due to increase in the gross profit of (i) listing-related documents of approximately HK\$4.0 million; (ii) periodical reporting documents of approximately HK\$1.6 million; and (iii) compliance documents of approximately HK\$1.8 million, which corresponds with the increase in our revenue generated from the respective documents that we handled, partially offset by decrease in gross profit generated from miscellaneous and marketing collaterals of approximately HK\$1.0 million as a result of increased services provided to our customers that are governmental bodies which we in general had a lower gross profit margin.

Our overall gross profit margin increased slightly from approximately 55.5% for the year ended 30 September 2015 to approximately 55.7% for the year ended 30 September 2016. Such increase was mainly due to increase in the gross profit margin of our listing-related documents, periodical reporting documents and compliance documents, partially offset by decrease in gross profit margin of our miscellaneous and marketing collaterals.

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Other income

Our other income increased by HK\$16,000 or 145.5% from HK\$11,000 for the year ended 30 September 2015 to HK\$27,000 for the year ended 30 September 2016.

Selling and distribution expenses

Our selling and distribution expenses increased by 16.7% or HK\$0.6 million from approximately HK\$3.6 million for the year ended 30 September 2015 to HK\$4.2 million for the year ended 30 September 2016. Such increase was mainly due to increase in staff costs paid to our sales representatives of approximately HK\$0.3 million; and increase in advertising costs of approximately HK\$0.2 million as we held a one-off marketing event in January 2016 to celebrate our 5th anniversary.

Administrative expenses

Our administrative expenses increased by approximately HK\$5.2 million or 26.1% from HK\$19.9 million for the year ended 30 September 2015 to HK\$25.1 million for the year ended 30 September 2016. Such increase was mainly due to increase in (i) staff costs of approximately HK\$1.4 million as we employed more employees; (ii) provision for impairment of trade receivables of approximately HK\$0.8 million as one of our proposed IPO applicant customers ceased its listing project and we were unable to recover our trade receivables from this customer in full; (iii) our listing fees of approximately HK\$2.9 million as we appointed certain professional parties in early 2016; (iv) increase in rental expenses of approximately HK\$0.5 million as the renewed tenancy agreement of our Central Office had a higher rental rate and was effective from January 2016; and (v) impairment of amounts due from customers on service contracts of approximately HK\$0.4 million as a result of our Directors considered that the amounts due from customers had become uncollectible as we lost contact with that customer after the discontinuation of that customer's listing project before invoice was issued, partially offset by decrease in depreciation on the leasehold improvement, office equipment and furniture and fixtures of approximately HK\$0.6 million due to full depreciation of certain fixed assets during the year ended 30 September 2015.

Income tax expense

Our income tax expense increased by approximately HK\$0.5 million or 22.7% from HK\$2.2 million for the year ended 30 September 2015 to HK\$2.7 million for the year ended 30 September 2016. Such increase was mainly due to an increase in our revenue.

Profit for the year and net profit margin

Our profit increased by approximately HK\$0.2 million or 1.9% from HK\$10.6 million for the year ended 30 September 2015 to HK\$10.8 million for the year ended 30 September 2016, mainly due to an increase in our overall gross profit.

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Our net profit margin decreased from approximately 16.3% for the year ended 30 September 2015 to 14.0% for the year ended 30 September 2016, mainly due to increase in our Listing expenses of approximately HK\$2.9 million for the year ended 30 September 2016 as we appointed certain professional parties in early 2016.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources

Our financial resources of cash is primarily cash generated from operating activities. We mainly use our cash on financing our operations and meeting working capital requirements and capital expenditures. Our financial resources also include our internal resources and finance leases.

Cash flow

For the three years ended 30 September 2017, we recorded cash and cash equivalents of approximately HK\$11.3 million, HK\$23.4 million and HK\$19.1 million respectively. The table below sets out a summary of our combined statements of cash flows during the Track Record Period:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents at the beginning of the year	12,701	11,267	23,379
Net cash (used in)/generated from operating activities	(1,178)	12,282	883
Net cash used in investing activities	(256)	(170)	(171)
Net cash used in financing activities	—	—	(5,000)
Net (decrease)/increase in cash and cash equivalents	(1,434)	12,112	(4,288)
Cash and cash equivalents at the end of the year	11,267	23,379	19,091

Cash flows from operating activities

During the Track Record Period, we mainly generated our cash inflow from the provision of our integrated financial printing services including typesetting and proofreading, translation, design, printing and binding, distribution, and media placement. Our cash flow used in operating activities

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is primarily for the (i) payment of our trade payables including fees to our translation and printing subcontractors; and (ii) payment of other payables and accruals including bonuses and commissions paid to our sales representatives.

For the year ended 30 September 2015, we recorded net cash used in operating activities of approximately HK\$1.2 million, mainly due to (i) our profit before tax of approximately HK\$12.8 million; (ii) adjustments for property, plant and equipment written off of approximately HK\$16,000 as we replaced a batch of office utilities for our conference rooms, provision for impairment of trade receivables of approximately HK\$12,000 as one of our customer was being wound up and depreciation of approximately HK\$0.9 million mainly for the leasehold improvements and computer equipment; (iii) increase in trade receivables of approximately HK\$17.4 million mainly due to some of our customers exhibited slow payment practice by settling the invoices according to their internal settlement policy and certain outstanding bills for listing documents with higher receivables near the end of September 2015; (iv) decrease in other payables and accruals due to decrease in staff costs payable, including bonuses and commissions, to our sales representatives; (v) decrease in amounts due from our customers on service contracts of approximately HK\$2.0 million mainly due to completion of certain projects and the amount was transferred to trade receivables after issuance of invoices; (vi) increase in trade payables of approximately HK\$1.6 million mainly due to costs derived from the completion of the abovementioned projects; and (vii) income tax paid of approximately HK\$0.2 million.

For the year ended 30 September 2016, we recorded net cash generated from operating activities of approximately HK\$12.3 million, mainly due to (i) our profit before tax of approximately HK\$13.4 million; (ii) adjustments for impairment of amounts due from customers on service contracts of approximately HK\$0.4 million as the management considered an on-going listing project would not proceed following the loss of contact with such customer, provision for impairment of trade receivables of approximately HK\$0.8 million as one of our proposed IPO applicant customers ceased its listing project and we were unable to recover our trade receivables from this customer in full and depreciation of HK\$0.3 million; (iii) decrease in trade receivables of approximately HK\$10.4 million mainly due to our proactive efforts in recovering trade receivables from our customers pursuant to our enhanced credit control policy, which was in line with the decrease in trade receivables which were past due; (iv) increase in amounts due from customers on service contracts as increase in the number of on-going IPO projects of our customers of which revenue had been recognised; (v) decrease in amount due to Controlling Shareholder of approximately HK\$4.3 million mainly due to settlement of amount due to Controlling Shareholder; and (vi) income tax paid of approximately HK\$3.8 million.

For the year ended 30 September 2017, we recorded net cash generated from operating activities of approximately HK\$0.9 million, mainly due to, among others, (i) our profit before tax of approximately HK\$13.6 million; (ii) adjustment for provision for impairment of trade receivables of approximately HK\$1.7 million as a result of settlement at a sum lower than the billed amount after negotiation with such customer or our management team's belief that we would not be able to recover such trade receivables from the respective customers; (iii) depreciation of approximately HK\$0.3 million; (iv) decrease in amounts due from customers on service contracts of approximately

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HK\$0.1 million mainly due to completion of certain IPO projects and the amount was transferred to trade receivables after issuance of invoices; (v) increase in trade payables of approximately HK\$0.3 million mainly due to costs derived from the completion of a number of IPO projects; (vi) increase in trade receivables of approximately HK\$7.7 million mainly due to certain outstanding bills for IPO projects completed in the third quarter of 2017; (vii) increase in other payables and accruals of approximately HK\$1.8 million mainly due to increase in accruals for staff costs payable and Listing expenses payable; (viii) decrease in amount due to Controlling Shareholder of approximately HK\$5.0 million mainly due to settlement of amount due to Controlling Shareholder; and (ix) income tax paid of approximately HK\$3.1 million.

Cash flows from investing activities

During the Track Record period, we mainly derive our cash inflow generated from investing activities from bank interest income while the cash outflow used in investing activities from the purchase of furniture and equipment.

For the three years ended 30 September 2017, we recorded net cash used in investing activities of approximately HK\$0.3 million, HK\$0.2 million and HK\$0.2 million respectively.

Cash flows from financing activities

During the Track Record Period, our cash outflow used in financing activities represented the dividend payment to our Controlling Shareholder.

For the two years ended 30 September 2016, we did not have any financing activities.

For the year ended 30 September 2017, we derived net cash used in financing activities of approximately HK\$5.0 million for dividend payment.

COMBINED STATEMENTS OF FINANCIAL POSITION

Net Current Assets

Our current assets composed of (i) amounts due from customers on service contracts; (ii) trade receivables; (iii) prepayments, deposits and other receivables; and (iv) cash and cash equivalents. As at 30 September 2015, 2016 and 2017, our current assets were approximately HK\$45.6 million, HK\$51.8 million and HK\$54.8 million respectively. The increase in our current assets by approximately HK\$6.2 million from approximately HK\$45.6 million as at 30 September 2015 to HK\$51.8 million as at 30 September 2016 was mainly due to increase in our cash and cash equivalents of approximately HK\$12.1 million from approximately HK\$11.3 million as at 30 September 2015 to HK\$23.4 million as at 30 September 2016 mainly as a result of (i) increase in our revenue mainly as a result of the growth in the business of listing-related documents, compliance documents and periodical reporting documents; and (ii) settlement of our trade receivables as a result of our proactive efforts to recover trade receivables. Our current assets increased to approximately HK\$54.8 million as at 30 September 2017 mainly due to the combined effects of increase in trade receivables of approximately HK\$6.0 million as a result of increase in

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our revenue, and decrease in cash and cash equivalents by approximately HK\$4.3 million as a result of distribution of dividend of approximately HK\$5.0 million and decrease in amounts due to Controlling Shareholder of approximately HK\$5.0 million after the settlement of the amount due to Controlling Shareholder. Our current assets then decreased to approximately HK\$51.9 million as at 30 November 2017 mainly due to the decrease in trade receivables due to the settlement of certain outstanding balances in around October 2017 by certain IPO applicant customers.

Our current liabilities composed of (i) amounts due to customers on service contracts; (ii) trade payables; (iii) other payables and accruals; (iv) due to Controlling Shareholder; and (v) income tax payable. As at 30 September 2015, 2016 and 2017, our current liabilities were approximately HK\$23.6 million, HK\$18.8 million and HK\$16.5 million, respectively. Our current liabilities decreased from approximately HK\$23.6 million as at 30 September 2015 to approximately HK\$18.8 million mainly due to payment of amount due to Controlling Shareholder of approximately HK\$4.3 million. Our current liabilities further decreased by approximately HK\$2.3 million to HK\$16.5 million as at 30 September 2017 mainly as a result of decrease in amount due to Controlling Shareholder of approximately HK\$5.0 million. Our current liabilities then decreased to approximately HK\$13.5 million as at 30 November 2017, mainly due to the decrease in income tax payable of approximately HK\$3.0 million following our tax payment made in around October 2017.

Accordingly, our net current assets increased from approximately HK\$22.1 million as at 30 September 2015 to approximately HK\$32.9 million as at 30 September 2016. Such increase was mainly due to increase in our cash and cash equivalents of approximately HK\$12.1 million from approximately HK\$11.3 million as at 30 September 2015 to HK\$23.4 million as at 30 September 2016 following the increase of revenue and improvement in settlement of trade receivables and decrease in amount due to Controlling Shareholder of approximately HK\$4.3 million. Our net current assets further increased by approximately HK\$5.4 million to approximately HK\$38.3 million as at 30 September 2017. Such increase was mainly due to (i) increase in trade receivables of approximately HK\$6.0 million; and (ii) decrease in amount due to Controlling Shareholder of approximately HK\$5.0 million after the settlement of the amount due to Controlling Shareholder. Our net current assets remained stable at approximately HK\$38.4 million as at 30 November 2017.

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The following table sets forth the breakdown of our current assets and liabilities as at 30 September 2015, 2016, 2017 and 30 November 2017:

	As at 30 September			As at 30 November
	2015	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Non-current assets				
Property, plant and equipment	<u>772</u>	<u>648</u>	<u>555</u>	<u>513</u>
Current assets				
Amounts due from customers on service contracts	2,545	6,877	6,768	7,688
Trade receivables	29,101	17,871	23,861	18,240
Prepayments, deposits and other receivables	2,722	3,657	5,071	5,747
Cash and cash equivalents	<u>11,267</u>	<u>23,379</u>	<u>19,091</u>	<u>20,211</u>
Total current assets	<u>45,635</u>	<u>51,784</u>	<u>54,791</u>	<u>51,886</u>
Current liabilities				
Amounts due to customers on service contracts	661	1,417	1,815	1,441
Trade payables	4,603	4,242	4,501	4,469
Other payables and accruals	4,141	4,433	6,239	6,569
Due to Controlling Shareholder	9,262	5,000	—	—
Income tax payable	<u>4,900</u>	<u>3,746</u>	<u>3,981</u>	<u>991</u>
Total current liabilities	<u>23,567</u>	<u>18,838</u>	<u>16,536</u>	<u>13,470</u>
Net current assets	<u>22,068</u>	<u>32,946</u>	<u>38,255</u>	<u>38,416</u>
Net Assets	<u>22,840</u>	<u>33,594</u>	<u>38,810</u>	<u>38,929</u>
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	—	—	—	—
Reserves	<u>22,840</u>	<u>33,594</u>	<u>38,810</u>	<u>38,929</u>
Total Equity	<u>22,840</u>	<u>33,594</u>	<u>38,810</u>	<u>38,929</u>

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Property, plant and equipment

Our property, plant and equipment mainly composed of (i) leasehold improvements; (ii) furniture and fixture; (iii) office equipment and (iv) computer equipment. As at 30 September 2015, 2016 and 2017, the net carrying amount of our property, plant and equipment remained relatively stable at approximately HK\$0.8 million, HK\$0.6 million and HK\$0.6 million respectively. For further details, please refer to note 16 of the accountants' report in Appendix I to this prospectus.

Amounts due from/(to) customers on service contracts

The following table sets out the breakdown of our amounts due from customers on service contracts as at 30 September 2015, 2016 and 2017:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Contract costs incurred plus attributable profit less foreseeable loss	4,096	11,712	15,171
Less: progress billing	(2,212)	(5,850)	(9,816)
	1,884	5,862	5,355
Less: impairment	—	(402)	(402)
Total	<u>1,884</u>	<u>5,460</u>	<u>4,953</u>

Representing:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Amounts due from customers on service contracts	2,545	6,877	6,768
Amounts due to customers on service contracts	(661)	(1,417)	(1,815)
Total	<u>1,884</u>	<u>5,460</u>	<u>4,953</u>

Amounts due from customers on service contracts

Our amounts due from customers on service contracts increased from approximately HK\$2.5 million as at 30 September 2015 to approximately HK\$6.9 million as at 30 September 2016. Such increase was mainly due to increase in the number of on-going IPO projects of our customers which

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revenue has been recognised but have not reached the required stages of projects for Company to issue invoices. An impairment of approximately HK\$0.4 million was made mainly due to the loss of contact of the key personnel of two customers. The two customers had submitted their respective listing application to the Stock Exchange in July 2011 and November 2011 respectively. Our Company had issued work-in-progress invoice to each of the two customers respectively in May 2012. However, there had been no feedback from them afterwards. As it was uncertain that the amount under the work-in-progress invoice would be collectable in full, the Group would only transfer such balance to trade receivables as a result of issuing the invoices if the customers had acknowledged the amount of the work-in-progress invoice issued.

As the Directors consider that the said outstanding amounts due from customers on service contracts of approximately HK\$0.4 million in aggregate is insignificant and our Company had been focusing on business development, we had not prioritized the impairment of such amount until early 2016.

Our amounts due from customers on service contracts then decreased to approximately HK\$6.8 million as at 30 September 2017. Invoices have been issued to such customers and accordingly such balances have been recognised as trade receivables. For further details, please refer to note 17 of the accountants' report in Appendix I to this prospectus.

The following table sets out the aging analysis for the amounts due from customers on service contracts as at 30 September 2017:

	As at 30 September 2017 <hr/> HK\$'000 (approximately)
Within 30 days	2,791
31–60 days	1,475
61–90 days	848
91–180 days	1,420
181 days–1 year	<hr/> 234
Total	<hr/> <hr/> 6,768

As at 30 November 2017, approximately HK\$0.9 million of the total amounts due from customers on service contracts as at 30 September 2017 has been billed and credited, representing approximately 13.3% of the total amounts due from customers on service contracts as at 30 September 2017.

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Amounts due to customers on service contracts

Our amounts due to customers on service contracts mainly consist of deposits received from customers that engage us for the handling of their listing-related documents, for which the progress billings exceed the service costs incurred plus recognised profits. Our amounts due to customers on service contracts increased from approximately HK\$0.7 million as at 30 September 2015 to approximately HK\$1.4 million as at 30 September 2016 mainly due to increase in deposits received from customers that are applying to be listed on the Stock Exchange. Our amounts due to customers on service contracts further increased to approximately HK\$1.8 million as at 30 September 2017 mainly due to commencement of certain projects for the handling of listing-related documents. For further details, please refer to note 17 of the accountants' report in Appendix I to this prospectus.

Trade receivables

Our trade receivables represent the receivables from our customers arising from the provision of our integrated financial printing services. The trading terms with our customers are mainly on credit with the credit period being generally 45–60 days. The balances were mainly settled by cheques or direct remittances during the Track Record Period.

The following table sets forth the breakdown of our trade receivables during the Track Record Period:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	29,101	17,871	23,861

The balances of our trade receivables decreased from approximately HK\$29.1 million as at 30 September 2015 to approximately HK\$17.9 million as at 30 September 2016. Such decrease was mainly due to our proactive efforts to recover trade receivables. The balances of our trade receivables subsequently increased to approximately HK\$23.9 million as at 30 September 2017 mainly due to (i) the increase in our revenue; and (ii) the completion of a number of projects and accordingly invoices have been issued.

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The following table sets forth the aging analysis of our trade receivables based on the invoice date as at the dates indicated:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	9,352	11,471	12,414
31 – 60 days	2,795	1,009	1,865
61 – 90 days	6,146	1,488	1,798
91 – 180 days	6,382	2,685	4,493
181 days – 1 year	4,048	400	2,977
Over 1 year	<u>378</u>	<u>818</u>	<u>314</u>
Total	<u><u>29,101</u></u>	<u><u>17,871</u></u>	<u><u>23,861</u></u>

The table below sets forth the movements in provision for impairment of trade receivables of our Group during the Track Record Period:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Balance at beginning of year	—	—	—
Provision for impairment of trade receivables	12	782	1,698
Amount written off as uncollectible	<u>(12)</u>	<u>(782)</u>	<u>(1,698)</u>
Balance at end of year	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

Provision for impairment of trade receivables for the three years ended 30 September 2017 amounted to approximately HK\$12,000, HK\$0.8 million and HK\$1.7 million respectively. For the year ended 30 September 2015, the provision for impairment of trade receivables of approximately HK\$12,000 as one of our customers was being wound up. For the year ended 30 September 2016, the provision for impairment of trade receivables of approximately HK\$0.8 million as one of our proposed IPO applicant customers ceased its listing project and we were unable to recover our trade receivables from this customer in full. For the year ended 30 September 2017, provision for impairment of trade receivables was mainly due to (i) the settlement with a customer at a lower amount resulting in the impairment of trade receivables of approximately HK\$1.0 million; and (ii) our management team's belief that we would be unable to recover the trade receivables of approximately HK\$0.7 million from the respective customers which are in winding-up procedures or are unwilling to settle invoices despite the Group's proactive efforts in recovering trade receivables.

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Our provision policy for impairment of trade receivables of the Group is based on (i) the evaluation of the collectability and aging analysis of the respective outstanding receivables; and (ii) the judgment and decision of our management team based on their experience. In assessing the ultimate realisation of such doubtful debts, our management would consider certain factors, such as the past trade receivable collection history of the respective customers and its creditworthiness. We may make additional impairment if our customers are unable to settle their respective trade receivables due to deterioration in their financial positions.

The following table sets forth the aging analysis of our trade receivables that are not individually nor collectively considered to be impaired:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Current — neither past due nor impaired	9,352	12,435	14,257
Less than 30 days past due	2,795	1,531	1,820
31 – 60 days past due	6,146	730	2,808
61 – 90 days past due	737	1,511	168
91 – 180 days past due	7,326	721	3,991
181 days – 1 year past due	2,394	245	514
Over 1 year past due	<u>351</u>	<u>698</u>	<u>303</u>
Total	<u><u>29,101</u></u>	<u><u>17,871</u></u>	<u><u>23,861</u></u>

The table below sets forth our average trade receivables turnover days during the Track Record Period:

	Year ended 30 September		
	2015	2016	2017
Average trade receivables turnover days (<i>note</i>)	<u><u>114</u></u>	<u><u>112</u></u>	<u><u>91</u></u>

Note: The average trade receivables turnover days for the Track Record Period is calculated by the average of the balances of our trade receivables at the beginning and at the end for the relevant year (i) divided by revenue for the relevant year; and (ii) multiplied by the number of days in the relevant year.

Our average trade receivables turnover days for the three years ended 30 September 2017 were 114 days, 112 days and 91 days respectively. Our average trade receivables turnover days decreased over the Track Record Period, mainly due to our proactive efforts to recover trade receivables. The average trade receivables turnover days during the Track Record Period were higher than the credit terms of generally 45–60 days offered to customers mainly due to some of our customers exhibited a slower payment trend as they generally settled the invoices according to their internal settlement policies.

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As at 30 November 2017, approximately HK\$15.1 million representing 63.2% of the trade receivables balances as at 30 September 2017, has been subsequently settled. Our Group had discussed with our legal adviser for the Board to consider the prospect of recovery for the outstanding sum from such customer. After the issuance of a demand letter to and negotiations with the customer, our Group accepted HK\$4.2 million as full and final settlement of the matter. Having taken into account the legal advice as mentioned above, as well as the time and resources to be involved should the recovery process continue, our Group considers that bringing the matter to an amicable end is of the interests of the Group. Therefore, after the Track Record Period, we had reached a settlement with such customer at a lower amount of HK\$4.2 million such that an impairment of trade receivables of HK\$1.0 million was made. Save as disclosed above, having considered the general collectability of trade receivables from our customers during the Track Record Period, our Directors are of the opinion that no provision for impairment is necessary in respect of the outstanding trade receivables balance as there has not been any significant change in credit quality and the balance is still considered fully recoverable.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly consist of prepayments, rental and other deposits. Prepayment mainly includes prepayments of the Listing expenses paid to a number of the professional parties and insurance premiums, and deposits mainly includes rental deposits, property management fees deposits and related utilities deposits such as electricity payment deposits. Our prepayments, deposits and other receivables amounted to approximately HK\$2.7 million, HK\$3.7 million, and HK\$5.1 million as at 30 September 2015, 2016 and 2017, respectively.

Our prepayments, deposits and other receivables increased from approximately HK\$2.7 million as at 30 September 2015 to approximately HK\$3.7 million mainly due to increases in prepayments of our Listing expenses paid to a number of the professional parties as we commenced our Listing project in 2016. Our prepayments, deposits and other receivables further increased to approximately HK\$5.1 million as at 30 September 2017 due to increase in prepayments of our Listing expenses paid to a number of the professional parties.

Trade payables

Our trade payables mainly represent accrual of fees payable to our translation and printing subcontractors. Our trading terms with our suppliers are mainly on credit with the credit period between 30 to 60 days. Such trade payables are non-interest-bearing and are normally settled within the credit period granted to us by our subcontractors.

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The following table sets forth the aging analysis of our trade payables based on the invoice date as at the dates indicated:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
within 30 days	3,147	3,061	2,448
31 – 60 days	465	538	726
61 – 90 days	126	34	—
91 – 180 days	454	524	1,112
181 days – 1 year	36	85	185
Over 1 year	<u>375</u>	<u>—</u>	<u>30</u>
Total	<u><u>4,603</u></u>	<u><u>4,242</u></u>	<u><u>4,501</u></u>

The balances of our trade payables decreased slightly from approximately HK\$4.6 million as at 30 September 2015 to approximately HK\$4.2 million as at 30 September 2016. Such decrease was mainly due to increase in repayments of our trade payables subsequent to the recovery of our trade receivables. The balances of our trade payables then increased to approximately HK\$4.5 million as at 30 September 2017 mainly due to the commencement of a number of projects and accordingly we incurred subcontracting costs.

The table below sets forth our average trade payables turnover days during the Track Record Period:

	Year ended 30 September		
	2015	2016	2017
Average trade payables turnover days (<i>note</i>)	<u><u>48</u></u>	<u><u>48</u></u>	<u><u>45</u></u>

Note: The average trade payables turnover days for the Track Record Period is calculated by the average of the balances of our trade payables at the beginning and at the end for the relevant year (i) divided by cost of services for the relevant year; and (ii) multiplied by the number of days in the relevant year.

Our average trade payables turnover days for the three years ended 30 September 2017 were 48 days, 48 days and 45 days respectively. Our average trade payables turnover days remained stable for the three years ended 30 September 2017. As the credit period granted by our suppliers to us generally range from 30 days – 60 days during the Track Record Period, our Directors are of the view that the ageing analysis of our trade payables are in line with the credit period granted to us by our suppliers.

As at 30 November 2017, approximately HK\$3.5 million representing 77.8% of the trade payables balances as at 30 September 2017 has been fully settled.

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Other payables and accruals

Our other payables and accruals mainly consists of (i) accruals, including accrual of commissions paid to our sales representatives and our Listing expenses; and (ii) deposits from customers. The deposits from customers mainly represented the deposits we generally receive from our customers at the commencement of projects for the preparation of their listing-related documents where no work has been done. The table below sets forth our other payables and accruals as at the dates specified:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Accruals	3,119	3,041	4,917
Deposits from customers	<u>1,022</u>	<u>1,392</u>	<u>1,322</u>
Total	<u><u>4,141</u></u>	<u><u>4,433</u></u>	<u><u>6,239</u></u>

Our other payables and accruals increased from approximately HK\$4.1 million as at 30 September 2015 to approximately HK\$4.4 million as at 30 September 2016, mainly due to deposits received from customers as a result of increase in number of customers commencing their IPO projects and also the deposit received from a governmental body for jobs assigned to us. Our other payables and accruals further increased to approximately HK\$6.2 million as at 30 September 2017, mainly due to increase in accruals for staff costs payable and Listing expenses payable.

Due to Controlling Shareholder

The amount due to our Controlling Shareholder is unsecured, non-interest-bearing and has no fixed terms of repayments. The outstanding repayment amount decreased from approximately HK\$9.3 million as at 30 September 2015 to approximately HK\$5.0 million as at 30 September 2016, and further decreased to nil as at 30 September 2017, mainly due to our gradual settlement of the amount due to Controlling Shareholder. As at the Latest Practicable Date, we have no outstanding amount due to our Controlling Shareholder.

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ANALYSIS OF KEY FINANCIAL RATIOS

	As at/year ended 30 September		
	2015	2016	2017
Current ratio ⁽¹⁾	1.9 times	2.8 times	3.3 times
Gearing ratio ⁽²⁾	40.6%	14.9%	0%
Net debt to equity ratio ⁽³⁾	Net cash position	Net cash position	Net cash position
Interest coverage ratio ⁽⁴⁾	N/A	N/A	N/A
Return on total assets ⁽⁵⁾	22.9%	20.5%	18.5%
Return on equity ⁽⁶⁾	46.6%	32.0%	26.3%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective period end.
2. Gearing ratio is calculated based on total borrowings divided by total equity as at the respective period end and multiplied by 100%.
3. Net debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the respective period end and multiplied by 100%.
4. Interest coverage ratio is calculated by the profit before interest and tax for the period divided by the interest expenses for the respective period.
5. Return on total assets is calculated by the net profit for the period divided by the total assets as at the respective period end and multiplied by 100%.
6. Return on equity is calculated by the net profit for the period divided by the total equity as at the respective period end and multiplied by 100%.

Current ratio

Our current ratio increased from approximately 1.9 times as at 30 September 2015 to approximately 2.8 times as at 30 September 2016, which was mainly attributable to the settlement of our trade receivables by our customers as a result of our proactive efforts to recover trade receivables and payment of approximately HK\$4.3 million to partially settle the balance due to our Controlling Shareholder.

Our current ratio then increased to approximately 3.3 times as at 30 September 2017, mainly due to the payment of approximately HK\$5.0 million to settle the balance due to our Controlling Shareholder.

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Gearing ratio

Our gearing ratio decreased from approximately 40.6% as at 30 September 2015 to approximately 14.9% as at 30 September 2016, which was mainly attributable to decrease in the balance due to our Controlling Shareholder by approximately HK\$4.3 million to HK\$5.0 million whilst the total equity increased resulting in an increase in profit for the year.

Our gearing ratio then decreased to approximately 0% as at 30 September 2017, as we did not have any outstanding debt.

Net debt to equity ratio

We recorded net cash position as at 30 September 2015, 2016 and 2017.

Interest coverage ratio

Interest coverage ratio is not applicable to us for the three years ended 30 September 2017 as we had not incurred any interest expenses during the respective periods.

Return on total assets

Our return on total assets decreased from approximately 22.9% for the year ended 30 September 2015 to approximately 20.5% for the year ended 30 September 2016, which was mainly attributable to (i) the increase in total assets resulting from the increase in cash and cash equivalents; and (ii) the Listing expenses incurred during the period. Excluding the Listing expenses, the return on assets for the year ended 30 September 2016 would be approximately 26.0%.

Our return on total assets decreased to approximately 18.5% for the year ended 30 September 2017, which was mainly attributable to (i) the increase in total assets resulting from the increase in trade receivables; and (ii) the Listing expenses incurred during the period. Excluding the Listing expenses, the return on assets for the year ended 30 September 2017 would be approximately 30.7%.

Return on equity

Our return on equity decreased from approximately 46.6% for the year ended 30 September 2015 to approximately 32.0% for the year ended 30 September 2016, mainly attributable to the Listing expenses incurred and the enlarged capital base arising from higher retained profits during the period. Excluding the Listing expenses, the return on equity for the year ended 30 September 2016 would be 40.6%.

Our return on equity decreased to approximately 26.3% for the year ended 30 September 2017, which was mainly due to the Listing expenses incurred during the period. Excluding the Listing expenses, the return on equity for the year ended 30 September 2017 would be approximately 43.8%.

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INDEBTEDNESS

The following table sets out the indebtedness of the Group as at the dates indicated:

	As at 30 September 2015 HK\$'000	As at 30 September 2016 HK\$'000	As at 30 September 2017 HK\$'000	As at 30 November 2017 HK\$'000 (unaudited)
Due to Controlling Shareholder	9,262	5,000	—	—
Total	9,262	5,000	—	—

Our amount due to Controlling Shareholder is unsecured, non-interest-bearing and has no fixed terms of repayments.

Save as disclosed above, we did not have, as at 30 November 2017, any debt securities or loan capital issued and outstanding and authorised or otherwise created but unissued, term loans, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guaranteed, unguaranteed, secured (whether the security is provided by our Group or by third parties) or unsecured borrowings and debt, mortgages, charges, guarantees or other material contingent liabilities. As at the Latest Practicable Date, we did not have unutilised banking facilities. Save as disclosed in this prospectus, our Directors confirmed that there has not been any material change in our indebtedness and contingent liabilities since 30 September 2017 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any contingent liabilities that will have a material adverse effect on the financial position, liquidity or result of operation of our Group.

WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the financial resources presently available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, internal resources, and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

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CAPITAL EXPENDITURE

Our capital expenditure mainly consists of (i) leasehold improvements; (ii) furniture and fixture; (iii) office equipment; and (iv) computer equipment. The following table sets out the amounts of our capital expenditure for the periods indicated:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Leasehold improvements	14	—	—
Furniture and fixture	179	3	—
Office equipment	—	—	—
Computer equipment	64	168	174
Total	257	171	174

For the year ended 30 September 2015, furniture and fixture was the largest component of our capital expenditure, amounting to approximately HK\$0.2 million. For the year ended 30 September 2016 and 2017, computer equipment was the largest component, amounting to HK\$0.2 million and HK\$0.2 million respectively. As we continue expanding our business, we plan to set up the New Office and acquire and improve on our current facilities. Accordingly, we may incur additional capital expenditures. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

COMMITMENTS

Capital commitment

We did not have any significant contractual capital commitments as at 30 November 2017.

Operating lease commitments

As we lease certain office properties and equipment under operating lease arrangements, we incurred operating lease commitments during the Track Record Period. Such leases for properties, being our office premises, were for terms ranging from two to four years. The table below sets forth

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our outstanding commitments in respect of future minimum lease payments under non-cancellable operating leases at the end of each reporting period:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Within one year	9,700	9,753	9,794
In the second to fifth years, inclusive	<u>21,613</u>	<u>11,944</u>	<u>2,535</u>
Total	<u><u>31,313</u></u>	<u><u>21,697</u></u>	<u><u>12,329</u></u>

For further details, please refer to note 28 of the accountants' report in Appendix I to this prospectus.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, the Group did not have off-balance sheet commitments and arrangements.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

We have managed our capital to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximise our shareholders' value. We manage our capital structure and make adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets of our Group. We may also adjust the dividend payment to our shareholders, return capital to our shareholders, or issue new shares in order to maintain or adjust our capital structure. We are not subject to any externally imposed capital requirements and no change has been made to the objectives, policies or processes for managing our capital during the Track Record Period. We monitor our capital structure based on our gearing ratio, which is our net debt divided by our equity. As at 30 September 2015, 2016 and 2017, our gearing ratio was approximately 40.6%, 14.9% and 0% respectively.

Financial risk management

We are exposed to, among others, interest rate risk, foreign currency risk, credit risk, liquidity risk in the ordinary course of our business. For further details of such financial risks that we are exposed to and our financial risk management objectives and policies, please refer to note 32 of the accountants' report in Appendix I to this prospectus.

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LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Share Offer and the Listing. Assuming an Offer Price of HK\$0.22 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Offer Size Adjustment Option is not exercised, our total Listing expenses is estimated to be approximately HK\$22.8 million, of which HK\$6.6 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity. The remaining amount of HK\$16.2 million has been or will be reflected in our combined statements of profit or loss and other comprehensive income, of which approximately HK\$2.9 million and HK\$6.8 million had been had been charged to our profit and loss account for the year ended 30 September 2016 and 2017 respectively, and the remaining amount of approximately HK\$6.5 million is expected to be recognised in our combined statements of profit or loss and other comprehensive income for the year ending 30 September 2018. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

TAXATION

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law on 30 May 2016. Accordingly, we are exempted from the payment of the Cayman Islands income tax.

In respect of our subsidiaries that are incorporated in the BVI as BVI business companies under the BVI Business Companies Act 2004, we are exempted from payment of income tax of BVI.

In respect of our subsidiaries incorporated in Hong Kong, we are subject to the payment of Hong Kong Profits Tax at the rate of 16.5% based on the estimated assessable profit arising in Hong Kong during the Track Record Period.

Our Directors confirm that we had made all required tax filings in all relevant jurisdictions and paid all tax liabilities that had become due. We are not subject to any dispute or potential dispute with any tax authorities. For the income tax expense recognised by our Group during the Track Record Period, please refer to note 13 in Appendix I to this prospectus.

RELATED PARTY TRANSACTIONS

Apart from the amount due to Controlling Shareholder as discussed in the paragraph “Due to Controlling Shareholder” above, we had no other transactions with related parties during the Track Record Period.

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DIVIDEND

No dividend has been paid or declared by the Company since its date of incorporation. None of the subsidiaries of the Group declared dividend to its then shareholders for the three years ended 30 September 2017 save that on 31 October 2016, a subsidiary of the Company declared dividend to its then shareholder amounting to HK\$5.0 million. As at the Latest Practicable Date, such dividend had been fully settled to the relevant shareholder in cash from internal resources of such subsidiary.

We currently do not have any plans to distribute regular dividends immediately after the Listing. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Group does not have any dividend policy. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For our unaudited pro forma adjusted net tangible assets, please refer to Appendix II to this prospectus.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 20 May 2016 and has not carried out any business since the date of incorporation save for the transactions related to the Reorganisation. Accordingly, there was no reserve available for distribution to the Shareholders as at 30 September 2017.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on providing financial printing services with our business model remains unchanged and we had completed 579 projects which had generated approximately HK\$24.5 million, of which

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including eight IPO projects with a revenue contribution of HK\$16.2 million, and the said revenue amounts have been reviewed by our Company's reporting accountants, Martin C.K. Pong & Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. As at the Latest Practicable Date, we had 176 projects on hand with an aggregated contract sum of approximately HK\$23.7 million from which we expect to recognise approximately HK\$18.3 million for the year ending 30 September 2018 respectively.

Our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading positions or prospects of our Company or its subsidiaries since 30 September 2017 (being the date of which our Group's latest audited combined financial statements were made up as set out in the accountants' report in Appendix I to this prospectus) and there had been no event since 30 September 2017 which would materially affect the information shown in the accountants' report in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

We intend to expand our business through (i) upgrading our Central Office and setting up the New Office; (ii) expanding our workforce; and (iii) upgrading and acquiring equipment and software. For further details regarding our business objectives and strategies, please refer to the paragraph headed “Business — Business strategies” in this prospectus.

REASONS FOR THE LISTING

We are principally engaged in the business of providing 24-hour integrated financial printing services to customers in the financial and capital markets in Hong Kong. According to the Ipsos Report, we ranked 9th among the financial printing service providers in Hong Kong in 2016 and it is estimated that the total revenue of the financial printing services industry will increase to approximately HK\$2,056.7 million in 2021. We intend to maintain our market position, capture the overall growth trend, and expand our market share and profitability.

As elaborated in the section headed “Business” in this prospectus, we provide a wide range of services, including premium design services and in-house translation services. Our Directors believe that under the leadership of our stable and experienced management team, we are able to provide timely and quality services to cater for the different needs of our customers. As we believe that we were able to accommodate the requirements of our customers during the Track Record Period, we intend to further strengthen the quality of our services, primarily through (i) upgrading our Central Office and the setting up of the New Office mainly to increase the availability and quality of our conference room facilities and enhance our customer experience; (ii) upgrading and acquiring equipment and software to expand our design capability to include new features and to improve our operational efficiency; and (iii) expanding the workforce of our Group to accommodate our growing business.

We have devised business expansion plan to maintain our market position and market share, and the plan requires additional resources. Our Directors believe that the net proceeds from the Share Offer will provide us with substantial financing to meet the expenditure requirements under our business expansion plan. The availability of external funding will further enable us to maintain a healthy gearing ratio without relying on capital advances provided by our Controlling Shareholders. In addition, as six of the top eight financial printing service providers by revenue in Hong Kong were listed companies, we believe that our listing status will uplift our brand recognition and accordingly enhance the customer confidence in us. We also believe that we will be able to continue providing timely and quality financial printing services to our customers as we have implemented enhanced internal control and corporate governance measures during the Listing process.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

The net proceeds from the Share Offer to our Company (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer, and assuming an Offer Price of HK\$0.22 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.20 to HK\$0.24 and the Offer Size Adjustment Option is not exercised) are estimated to be approximately HK\$32.2 million. We intend to apply the net proceeds during the period from the Latest Practicable Date to 31 March 2020 in such manners as illustrated in the table below. Investors should note that the respective scheduled completion times are formulated on the bases and assumptions as set out in the paragraph headed “Bases and Key Assumptions” in this section of the prospectus. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. Our actual course of business may vary from the business objectives as set out in this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame as illustrated below or that our business objectives will be accomplished at all.

	Use of Proceeds								From internal resources ((a-b), except for general working capital)
	Total amount required for implementing the plans (a)	From the Latest Practicable Date to 31 March 2018	For the six months ending				Approximate % of net proceeds		
			30 September 2018	31 March 2019	30 September 2019	31 March 2020			
			HK\$ million	HK\$ million	HK\$ million	HK\$ million		HK\$ million	
Upgrading our Central Office and setting up New Office	18.6	2.5	5.6	2.5	2.5	2.5	15.6	48.4%	3.0
Expanding our workforce	10.0	0.9	1.5	2.0	2.0	2.0	8.4	26.0%	1.6
Upgrading and acquiring equipment and software	6.0	1.8	1.8	1.1	0.3	—	5.0	15.6%	1.0
General working capital (<i>Note</i>)	—	3.2	—	—	—	—	3.2	10.0%	—
Total	34.6	8.4	8.9	5.6	4.8	4.5	32.2	100%	5.6

Note: The general working capital does not constitute part of the total amount required for the Group’s implementation plan.

FUTURE PLANS AND USE OF PROCEEDS

Set out below is a further breakdown of the net proceeds from the Share Offer to be applied for upgrading our Central Office and setting up the New Office:

	Use of Proceeds								
	Amount for implementing the plans (a)	From the Latest Practicable Date to 31 March 2018	For the six months ending				Total (b)	Approximate % of net proceeds	From internal resources (a-b)
			30 September	31 March	30 September	31 March			
			2018	2019	2019	2020			
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million		HK\$ million	
Central Office:									
Renovation and installation of equipment	3.0	2.5	—	—	—	—	2.5	16.1%	0.5
New Office:									
Renovation and installation of equipment	4.5	—	3.8	—	—	—	3.8	24.2%	0.7
Relocation expenses for the location from Central Office to the New Office	0.1	—	0.1	—	—	—	0.1	0.5%	—
Rental and management fee	10.0	—	0.8	2.5	2.5	2.5	8.4	53.8%	1.6
Rental deposit	1.0	—	0.8	—	—	—	0.8	5.4%	0.2
Total	18.6	2.5	5.5	2.5	2.5	2.5	15.6	100%	3.0

Upgrading our Central Office and setting up the New Office

According to Ipsos Report, the availability of conference room facilities and customer experience are important factors when customers select their financial printing service providers. Our Central Office has been used as our primary office premises since the commencement of our business in 2010 and no major enhancement work has been done, we intend to upgrade our Central Office through (i) conducting renovation works; and (ii) acquiring and upgrading the conference room equipment such as video conference equipment, conference room digital signage and booking system. We believe the renovation and upgrade of facilities will provide convenience to our customers and enhance customer experience, which would enable us to retain our existing customers and attract new customers.

Total revenue per unit floor size

The sizes of the Central Office and Kowloon Office are 8,479 square feet and 1,985 square feet respectively. For the year ended 30 September 2016, our Group's total revenue per unit floor size of Central Office and Kowloon Office is approximately HK\$7,330 per square feet, and our Group's total revenue per unit floor size of Central Office is approximately HK\$8,400 per square feet.

It is expected that the New Office will have an area of about 4,000 to 5,000 square feet and therefore the estimated aggregate floor size of the Central Office and the New Office after relocation will be about 13,000 square feet. The Directors believe that the total revenue per unit floor size of the Central Office and the New Office will be reduced after the setting up of the New Office in around August 2018 due to immediate effect of the increase of the aggregate floor size. However, the Directors consider it would rise gradually in the future because:

- (i) the New Office will provide additional conference room facilities to our existing and potential customers;

FUTURE PLANS AND USE OF PROCEEDS

- (ii) provide more workstations for the potential increase in the number of staff under our Group's expansion plan;
- (iii) closer proximity between the New Office and the Central Office would optimise the business operations and increase operational efficiency by enhancing communications and shortening the travel time between our Group's staff stationed in the two offices; and
- (iv) the location of the New Office in central financial district provides convenience to the professional parties (e.g. accountants, lawyers and sponsors), which are usually located in the central financial district, by having shorter delivery and travel time with these parties.

According to Ipsos Report, the revenue per square feet occupied by financial printing service providers in the central financial district is approximately HK\$6,100 per square feet to HK\$17,600 per square feet with an average amount of HK\$10,200 per square feet. As our Group's total revenue per unit floor size of Central Office is approximately HK\$8,400 per square feet, the revenue per square feet of the Central Office was within the industry range. The Directors estimate that, after the setting up of the New Office in around August 2018, the Group's total revenue per unit floor size of the Central Office and the New Office will be close to the low end of the industry range. According to Ipsos Report, the calculation of industry range of revenue per square feet occupied only refers to the floor sizes of disclosed locations in central financial district for meaningful comparative purposes as most of the major financial printing service providers mainly operate their businesses in the central financial district, where facilities such as conference rooms, administrative space, back office space and others are available.

Usage of conference rooms

The proportions of working days (*Note 1*) that the conference rooms in the Central Office were fully booked during peak (*Note 2*) and non-peak (*Note 3*) periods are listed below:

	Year ended 30 September		
	2015	2016	2017
Peak period	83.1%	76.5%	83.3%
Non-peak period	39.0%	47.0%	67.5%

FUTURE PLANS AND USE OF PROCEEDS

During the Track Record Period, the occupancy rates (*Note 4*) of the conference rooms on working days (*Note 1*) in the Central Office during peak (*Note 2*) and non-peak (*Note 3*) periods are listed below:

	Year ended 30 September		
	2015	2016	2017
Peak period	91.2%	85.4%	89.8%
Non-peak period	58.7%	64.3%	79.8%

Note 1: all days excluding Saturday, Sunday or public holidays in Hong Kong

Note 2: means March, April, August and September, which are the peak periods generally experienced by our Group

Note 3: means the months other than peak periods

Note 4: occupancy rate means the total number of rooms being occupied divided by the total number of rooms available in the Central Office

According to Ipsos Report, it is common that the conference rooms provided by the financial printers are fully booked during peak periods for the submission of listing applications and publication of interim and annual reports by the listed companies. According to Ipsos Report, our Group's proportions of working days that the conference rooms in the Centre Office were fully booked during peak and non-peak periods were comparable to the industry phenomenon.

Market demand for financial printing services

According to Ipsos Report, the total revenue of the financial printing services industry in Hong Kong for 2018 and 2019 are estimated to be HK\$1,838.5 million and HK\$1,908.9 million, representing 4.0% and 3.8% increase by year, respectively. The Directors believe that our Group will be able to maintain its position in the financial printing services industry in Hong Kong after its implementation of the business strategies to expand its office and therefore there would be sufficient demand for our Group's services.

Upon the expiration of the tenancy agreement of our Kowloon Office in August 2018, we intend to relocate our Kowloon Office to the New Office in Central and Western District. As we had experienced full bookings of our conference room facilities in our Central Office during the Track Record Period and had therefore been unable to fully entertain our customers' requests of conference room facilities, we intend to rent an office premises with an area of about 4,000 to 5,000 square feet which could accommodate more staff and conference room facilities for our customers' use. We will also relocate some of our staff from our Central Office to the New Office.

FUTURE PLANS AND USE OF PROCEEDS

Expanding our workforce

We believe that our employees are important strategic resources for our success and development, and their skills, experience and commitment would assist us in realising our expansion plan. We offer internal trainings to our staff to improve their skills and develop their potentials, and provide various staff benefits to retain our staff. In order to accommodate the growing needs of our customers and their requests for customised services and to support our future expansion plan, we intend to recruit an additional 21 staff across our different teams by the six months ending 31 March 2019.

Despite the increase in the number of the Group's customers and projects in the same period, (i) the number of staff in the sale and services team increased from eight as at 1 October 2014 to nine as at 30 September 2016; (ii) the number of in-house translators decreased from 11 as at 1 October 2014 to eight as at 30 September 2016; and (iii) the number of operations staff decreased from 40 as at 1 October 2014 to 36 as at 30 September 2016. The increase in the number of sale and services team members was in line with the increase in the number of projects and customers for the relevant period. During the two years ended 30 September 2016, the operations staff had put extra effort and had overtime works to accommodate customers' stipulated timeframes. The lack of manpower as a result of reduction in the number of in-house translators was covered by the outsourced translation subcontractors during the two years ended 30 September 2016.

During the period from 30 September 2016 to the Latest Practicable Date, the number of staff in (i) the sales and services team; (ii) translation team; and (iii) operations department reduced by one, two and six respectively. The general decline in the number of staff in these three functions throughout the Track Record Period was due to the resignations of staff of their own accord. Following the leaving of these staff, the Company had conducted the recruitment process to identify suitable candidates for filling the vacancies and the recruitment process was still ongoing as at the Latest Practicable Date. The Directors believe that the human resources market for financial printing services industry is competitive for the Group to identify and recruit suitable candidates for rendering the daily services. Experienced personnel in financial printing services industry possess specific skill set, which is usually acquired through on-the-job experience. The turnover of our experienced staff is also contributed by the working conditions which include long working hours and reporting duties on shifts. The demand for these experienced staff by our competitors in the financial printing services industry is usually high. Our Directors observe that it is an industry norm that experienced staff are poached from time to time. In the event that the rate of recruiting new staff is unable to meet the rate of resignations of existing staff, the number of staff would then be reduced.

Our Group intend to recruit ten, seven and four additional employees for operations department, in-house translation team and sales and services department during the period from the Latest Practicable Date to 31 March 2018, and the six months ending 30 September 2018 and 31 March 2019 respectively. The Directors consider that recruiting additional staff is in line with its business objectives and strategies:

- (i) recruiting staff in our sales and services department will help the Group to expand its network for potential business and reinforce the relationship with clients;

FUTURE PLANS AND USE OF PROCEEDS

- (ii) recruiting staff in our in-house translation team will:
 - a. reinforce our capability in providing translation services;
 - b. reinforce our ability in monitoring the production process and ensuring the quality of translation work and our ability to control the operations of the Group's translation services;
 - c. improve time management on the turnaround time as all staff are under our direct control;
 - d. reduce our reliance on our translation subcontractors and therefore, reduce our exposure in relation to their failure in meeting our requirements and possible significantly increase in their service fee in the peak season;
 - e. reduce the risk of confidential and price-sensitive information leakage as all the staff are under our direct monitoring.
- (iii) recruiting staff in our operations department will enable our Group to have more capacity to process customers' instructions in a more timely manner and will reduce the overtime hours for our operations staff, in particular, during peak seasons. By reducing the overtime hours, our Group would be able to maintain stability of workforce through offering better working conditions. In addition, our Group will have a stronger workforce for accommodating the fluctuation in the number of operations staff due to staff movement.
- (iv) expanding of our workforce in the above departments will improve our Group's capability in meeting the growing needs of our customers and improve our quality of service.

The Directors are in the view that recruiting more staff in our in-house translation team will increase our flexibility in meeting the concentrated translation requirements in peak periods and we will maintain our current business model and continue to subcontract some of our translation works and all of our printing works to our subcontractors.

FUTURE PLANS AND USE OF PROCEEDS

Upgrading and acquiring of equipment and software

We believe that our equipment and information technology system is an essential and integral resource for the continual provision of our services. As we rely on our IT infrastructure and software in providing our services and handling the documents for our customers, improvements to our IT infrastructure, equipment and software would enhance our operations and accordingly promote our revenue growth. Accordingly, we intend to upgrade and acquire technology equipment and software in the following manners, which we also believe would strengthen our market position and enhance our competitiveness:

- (i) to utilise approximately HK\$2.4 million to acquire and upgrade the equipment and software used by our composition team, including dual-monitor workstations and publishing software, which would enhance our operational efficiency;
- (ii) to utilise approximately HK\$0.6 million to acquire and upgrade design-related equipment, such as upgraded computer monitors for improved display of design artworks, live drawing tablets for enhanced design capabilities and laser cut machines for preparing more appealing design artworks and dummy designs. As such, our existing design capabilities would be further strengthened;
- (iii) to utilise approximately HK\$0.2 million to acquire three-dimensional software and related hardware for our creative and graphic team to cope with the increasing demand for new design features by our customers;
- (iv) to utilise approximately HK\$2.6 million to upgrade Prodo to automate the process of handling administrative matters of our customers by engaging IT subcontractors, upgrade our IT infrastructure to an optimised scale to provide stable and reliable services to our customers, and upgrade our other computer software to catch up with the latest technologies and to ensure compatibility with the advanced equipment to be acquired as mentioned; and
- (v) to utilise approximately HK\$0.2 million to acquire translation software platform, which could enhance translators' speed of translation and accordingly enhance the operational efficiency of our in-house translation team.

IMPLEMENTATION PLAN

Our Group's implementation plan is set forth below for each of the six-month periods until 31 March 2020. Prospective investors should note that the implementation plan and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed "Bases and assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed "Risk Factors" in this prospectus. It is estimated that the additional operating costs, including depreciation, staff cost and rental expenses, as a result of the Group's implementation of future plans will be HK\$12.2 million and HK\$12.9 million for the two years

FUTURE PLANS AND USE OF PROCEEDS

ending 30 September 2020 respectively. If the implementation of our future plans does not generate additional revenue as we expect, there would be an adverse impact on the Group's gross profit and gross profit margin. The net profit and net profit margin of the Group may be negatively affected by such increase of additional operating costs resulting from the implementation of our future plans. Our Group's actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the implementation plan of our Group will materialise in accordance with the expected time frame or that the objective of our Group will be accomplished at all.

We intend to apply the aforesaid net proceeds in the following manner from the Latest Practicable Date to 31 March 2020:

For the period from the Latest Practicable Date to 31 March 2018

Business strategy	Implementation plan
Upgrading our Central Office	We plan to utilise approximately HK\$2.5 million out of the net proceeds from the Share Offer to upgrade our Central Office and improve its office facilities by (i) renovating the Central Office; and (ii) acquiring and upgrading office facilities at Central Office.
Expanding our workforce	We plan to utilise approximately HK\$0.9 million out of the net proceeds from the Share Offer for recruiting ten additional employees for operations department, in-house translation team and sales and services department.
Upgrading and acquiring equipment and software	We plan to utilise approximately HK\$1.8 million out of the net proceeds from the Share Offer for (i) installing dual-monitor workstations for composition team; (ii) upgrading all workstations to enhance the creative and graphic quality; (iii) acquiring drawing tablets; (iv) purchasing 3-dimensional software and related hardware for 3-dimensional graphics; (v) purchasing laser-cut machine for creative and graphic use; (vi) acquiring the licences for translation memories software platform; (vii) upgrading application programme to its latest version to improve efficiency of composition team; and (viii) enhancing Prodo features.
Increasing general working capital	We plan to utilise approximately HK\$3.2 million out of the net proceeds from the Share Offer for increasing general working capital for our operations.

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2018

Business strategy	Implementation plan
Setting up the New Office	We plan to utilise approximately HK\$5.6 million out of the net proceeds from the Share Offer for setting up the New Office including (i) renovation and installation of equipment and facilities; (ii) payment of rental and management fee; (iii) payment of rental deposit; and (iv) relocation expenses for the staff and facilities from Central Office to the New Office.
Expanding our workforce	We plan to utilise approximately HK\$1.5 million out of the net proceeds from the Share Offer for recruiting five additional employees for operations department and in-house translation team and retaining the ten employees recruited in the previous period.
Upgrading and acquiring equipment and software	We plan to utilise approximately HK\$1.8 million out of the net proceeds from the Share Offer for (i) upgrading server equipment and network infrastructure; (ii) upgrading all workstations to enhance the creative and graphic quality; and (iii) enhancing Prodo features.

For the six months ending 31 March 2019

Business strategy	Implementation plan
Setting up the New Office	We plan to utilise approximately HK\$2.5 million out of the net proceeds from the Share Offer for payment of rental and management fee of the New Office.
Expanding our workforce	We plan to utilise approximately HK\$2.0 million out of the net proceeds from the Share Offer for recruiting six additional employees for operations department and sales and services department and retaining the 15 employees recruited in the previous period.
Upgrading and acquiring equipment and software	We plan to utilise approximately HK\$1.1 million out of the net proceeds from the Share Offer for (i) upgrading server equipment and network infrastructure; (ii) upgrading all workstations to enhance the creative and graphic quality; and (iii) enhancing Prodo features.

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2019

Business strategy	Implementation plan
Setting up the New Office	We plan to utilise approximately HK\$2.5 million out of the net proceeds from the Share Offer for payment of rental and management fee of the New Office.
Expanding our workforce	We plan to utilise approximately HK\$2.0 million out of the net proceeds from the Share Offer for retaining the 21 employees recruited in the previous period.
Upgrading and acquiring equipment and software	We plan to utilise approximately HK\$0.3 million out of the net proceeds from the Share Offer for enhancing Prodo features.

For the six months ending 31 March 2020

Business strategy	Implementation plan
Setting up the New Office	We plan to utilise approximately HK\$2.5 million out of the net proceeds from the Share Offer for payment of rental and management fee of the New Office.
Expanding our workforce	We plan to utilise approximately HK\$2.0 million out of the net proceeds from the Share Offer for retaining the 21 employees recruited in the previous period.

We intend to apply the net proceeds from the Share Offer in the following manners:

- approximately HK\$15.6 million, representing approximately 48.4% of the estimated net proceeds, for upgrading our Central Office and setting up our New Office, among which approximately HK\$2.5 million (or approximately 7.8% of the estimated net proceeds) for renovating, upgrading and acquiring office facilities and equipment for its Central Office, and approximately HK\$13.1 million (or approximately 40.6% of the estimated net proceeds) for settling the rental expenses, management fees, rental deposit, and renovation and relocation costs of our New Office;
- approximately HK\$8.4 million, representing approximately 26.0% of the estimated net proceeds, for expanding our workforce, including hiring 21 additional staff;
- Approximately HK\$5.0 million, representing approximately 15.6% of the estimated net proceeds, for upgrading and acquiring equipment and software; and

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$3.2 million, representing approximately 10.0% of the estimated net proceeds, for increasing our general working capital and other general corporate purposes.

The allocation of the proceeds above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the proposed Offer Price range. In the event that the Offer Size Adjustment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$7.8 million, assuming an Offer Price of HK\$0.22 per Share, being the mid-point of the Offer Price range stated in this prospectus. We intend to apply the additional net proceeds to the above uses on a pro-rata basis.

If the Offer Price is fixed at the high end or the low end point of the indicative Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK\$4.8 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest point of the indicative Offer Price range. The difference between the amount required for implementing the plans and the net proceeds shall be funded by our internal resources.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed as short-term deposits with licensed banks and/or financial institutions in Hong Kong. Our Directors consider that the net proceeds from the Share Offer together with the internal resources of our Group will be sufficient to finance the implementation of our business plans as set out in this paragraph.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects for our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules.

BASES AND KEY ASSUMPTIONS

We have adopted the following principal assumptions in the preparation of the future plans:

- there will be no material change in the existing political, legal, fiscal or economic conditions in Hong Kong or in any other places in which any member of our Group carries on or will carry on business and provides or will provide human resources related services;
- there will be no material change in the bases or rates of taxation applicable to the activities of our Group in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- the Share Offer will be completed in accordance with the terms as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus;
- our Group will be able to carry out and renew all relevant licences required for our existing businesses activities;

FUTURE PLANS AND USE OF PROCEEDS

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- our Group will obtain equity and/or debt capital for its future growth when it becomes necessary;
- there will be no disasters, whether natural, political or otherwise, which would materially disrupt the business or operations of our Group or cause substantial loss, damage or destruction to its properties or facilities;
- our Group will be able to maintain the existing clients and expand the client portfolio as planned;
- there will be no material difference between the actual capital requirements for implementing the above plans and the amounts estimated by our Group;
- we will be able to retain our key staff in our management team as well as our professional staff;
- our Group will be able to recruit suitable staff for our expansion when and if necessary;
- we will not be materially affected by any risk factors set out in the section headed “Risk Factors” in this prospectus; and
- we will be able to continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our development plans without material disruptions.

UNDERWRITING

PUBLIC OFFER UNDERWRITER

Koala Securities Limited

The Public Offer Underwriter, Koala Securities Limited, the Sole Bookrunner and one of the Joint Lead Managers, and its associates are customers of the Company and contributed an aggregate revenue of approximately HK\$0.9 million to the Company for the provision of periodical reporting documents and miscellaneous and marketing collaterals during the Track Record Period. The Directors consider that the revenue generated from the Public Offer Underwriter, together with its associates, during the Track Record Period is in the ordinary course of business of the Group and the business relationship between the Company and the Public Offer Underwriter, together with its associates, does not affect the suitability of Koala Securities Limited being the Sole Bookrunner, a Joint Lead Manager and the Public Offer Underwriter.

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares to be issued pursuant to the Capitalisation Issue and pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme) by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriter has agreed to subscribe or procure subscribers for its respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for termination

The Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter) shall have the absolute right upon giving a written notice to our Company (on behalf of the other parties thereto other than the Public Offer Underwriter and the Sole Sponsor) to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. on the Listing Date (which is expected to be on Friday, 2 February 2018):

- (a) there has come to the notice of the Sole Sponsor, the Sole Bookrunner or any Public Offer Underwriter:
 - (i) that any statement contained in this prospectus, any supplemental offering materials, press announcement, the formal notice to be issued on Tuesday, 23 January 2018 by the Company substantially in the agreed form pursuant to the GEM Listing Rules, the road show materials and any other document published or issued by or on behalf of the Company, the Sole Sponsor or the Sole Bookrunner for the purpose of or in connection with the Share Offer, considered by the Sole Sponsor and/or the Sole Bookrunner in its/their sole and absolute discretion, was when the same was issued, or has become, untrue, incorrect or misleading in any material respect; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom considered by the Sole Sponsor and/or the Sole Bookrunner in its/their sole and absolute discretion to be material to the Share Offer; or
 - (iii) any material breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement (other than on the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter) as determined by the Sole Sponsor and/or the Sole Bookrunner in its/their sole and absolute discretion; or
 - (iv) any material adverse change or development involving a prospective material change (whether or not permanent) in the business affairs, prospects or the financial or trading position of the Group; or
 - (v) any material breach of any of the representations, warranties, agreements and undertakings given by the Company, the executive Directors, the Controlling Shareholders (the “**Warranties**”) under the Public Offer Underwriting Agreement, as determined by the Sole Sponsor and/or the Sole Bookrunner in its/their sole and absolute discretion; or
 - (vi) any of the Warranties under the Public Offer Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or repeated as determined by the Sole Sponsor and/or the Sole Bookrunner in its/their sole and absolute discretion.

UNDERWRITING

- (vii) approval by the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on GEM and the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any option which may be granted under the Share Option Scheme is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (viii) that any of the experts described under “Statutory and General Information — E. Other information — 6. Qualifications of experts” in Appendix IV to this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and reference to its name included in the form and context in which it respectively appears; or
- (b) there shall develop, occur, exist, continue to exist or come into effect:
- (i) any event, or series of events of force majeure involving any Relevant Jurisdiction (as defined in (ii) below), beyond the control of the Sole Sponsor and/or the Sole Bookrunner or the Public Offer Underwriter (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, war, threat of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS and avian influenza and such related/mutated forms or interruption or delay in transportation); or
 - (ii) any adverse change or development involving a prospective change, or any event or series of events currently in existence or otherwise, likely to result in any change or development (whether or not permanent) in local, national, regional or international, financial, economic, currency, legal, exchange control, political, military, fiscal or regulatory conditions, circumstances or matters and/or disaster or any monetary or trading settlement systems in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to any member of the Group (collectively, the “**Relevant Jurisdictions**”, each a “**Relevant Jurisdiction**”) (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Market, London Stock Exchange or any of the stock exchanges in the PRC, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures in the Relevant Jurisdictions or anywhere in the world); or

UNDERWRITING

- (iii) any new publicly available laws, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings (the “**Relevant Laws**”) of any court, government, governmental or regulatory authority or any other any public, regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority (including, without limitation, the Stock Exchange and the SFC), other authority and any court at the national, provincial, municipal or local level of all relevant jurisdictions (“**Government Authority**”) or policy or directive or change (whether or not forming part of a series of changes) or development in existing Relevant Laws or policy or directive or in the interpretation or application thereof by any court or Government Authority or other competent authority in the Relevant Jurisdictions; or
- (iv) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the Relevant Jurisdictions or any other country or organisation on the Relevant Jurisdictions; or
- (v) a change or development occurs involving a prospective material change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the Relevant Jurisdictions; or
- (vi) any change or development involving a prospective material change, or a materialisation of, any of the risks set forth in the section headed “Risk Factors” in this prospectus; or
- (vii) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or
- (viii) any valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (ix) any material loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (x) a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

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- (xi) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or the Relevant Jurisdictions; or
- (xii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
- (xiii) there is a change in the system under which the value of the HK\$ is linked to that of the US dollar or a devaluation of the HK\$ or RMB against any foreign currencies;
- (xiv) the commencement by any judicial, regulatory, governmental or political body or organisation of any action, claim or proceedings against any Director or an announcement by any judicial, regulatory, governmental or political body or organisation that it intends to take any such action;
- (xv) save as disclosed in this prospectus, a demand by any tax authority for payment for any tax liability for any member of the Group;
- (xvi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company, or the chairman or chief executive officer of the Company vacating his office;
- (xvii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction;
- (xviii) save as disclosed in this prospectus, a contravention by any member of the Group of the GEM Listing Rules or any applicable laws or regulations in the Cayman Islands, Hong Kong and the BVI;
- (xix) a prohibition on the Company for whatever reason from allotting and issuing the Offer Shares (including any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the options to be granted under the Share Option Scheme) pursuant to the terms of the Share Offer;
- (xx) other than with the approval of the Sole Bookrunner, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the Share Offer) pursuant to the Companies (WUMP) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

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(xxi) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the Company, the executive Directors and the Controlling Shareholders pursuant to the indemnity contained in the Public Offer Underwriting Agreement; or

(xxii) any non-compliance with the applicable Law(s) by the Company with respect to any matters relating to the Share Offer, the Offer Shares, the Listing and/or any other related matters,

which in the sole and absolute opinion of the Sole Sponsor and/or the Sole Bookrunner (1) is or shall have or could be expected to have a material adverse change, or any development involving a prospective material adverse change, in the financial or operational condition or in the earnings, management, prospects, assets or liabilities of any member of the Group, whether or not arising in the ordinary course of business (“**Material Adverse Effect**”); or (2) has or shall have or could be expected to have a Material Adverse Effect on the success, marketability or pricing of the Share Offer or the level of interest under the Share Offer; or (3) is or will or may make it inadvisable, inexpedient, impracticable or not commercially viable (i) for the Share Offer to proceed or (ii) for any material part of the Public Offer Underwriting Agreement to be performed or implemented as envisaged or (4) having any material non-compliance incident in respect of the Share Offer, the Offer Shares, the Listing, and/or any other related matters, with consideration of Relevant Law(s).

Undertakings Given to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company undertakes to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except in any of the circumstances provided under Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders undertakes to our Company and the Stock Exchange that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) of the Shares shall not,

- (a) within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter

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into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and

- (b) within the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Each of the Controlling Shareholders further irrevocably undertakes and covenants with our Company and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

- (c) in the event that he/it pledges or charges any direct or indirect interest in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Six-Month Period and Second Six-Month Period, inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (d) having pledged or charged any interest in the Shares under (c) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Pursuant to Rule 13.20 of the GEM Listing Rules, in the event that our Company has been informed of any matter under Rule 13.19 of the GEM Listing Rules as described above, we shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Our Company irrevocably undertakes to and covenants with each of the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriter, and each of the Controlling Shareholders and the executive Directors undertakes to and covenants with the Sole Sponsor, Sole Bookrunner and the Public Offer Underwriter to procure that, during the First Six-Month Period, save with the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter and the Sole Sponsor) and in compliance with the GEM Listing Rules and the

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applicable laws, and save pursuant to the Share Offer, the Capitalisation Issue and the issue of Shares pursuant to the Share Option Scheme; or (iii) any other share option scheme of our Company adopted from time to time, our Company shall not:

- (a) at anytime during the First Six-Month Period:
 - (i) offer, allot or issue, or agree to offer, allot, issue (conditionally or unconditionally) any Shares or securities convertible into or exchangeable for equity securities of the Company (whether or not of a class already listed); or
 - (ii) grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for or otherwise acquire or convertible or exchangeable into Shares or other securities of the Company (whether or not of a class already listed); or
 - (iii) enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any of its affiliates, either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or
 - (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities convertible into or exchangeable for such Shares; or
 - (v) repurchase any Shares or securities of the Company; or
 - (vi) offer to or agree to do any of the foregoing or announce any intention to do so;
- (b) at anytime during the Second Six-Month Period do any of the acts set out in paragraph (a) above, so as to result in the Controlling Shareholders (together with any of its associates) either individually or taken together with the others of them cease to be a controlling shareholder of the Company (within the meaning of the GEM Listing Rules);
- (c) in the event that our Company does any of the acts set out in paragraphs (a) and (b) above after the expiry of the First Six-Month Period or the Second Six-Month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

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Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders has irrevocably undertaken to and covenanted with each of the Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, and the Public Offer Underwriter that, without the prior written consent of each of the Company, the Sole Sponsor, the Sole Bookrunner and the Joint Lead Managers, it shall not directly or indirectly and shall procure that none of its associates or the companies controlled by it or any nominee or trustee holding in trust for it shall

- (a) during the First Six-Month Period:
 - (i) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or a mortgage, charge, pledge, lien, option, restriction, right of first refusal, security interest, claim, equity interest, right of pre-emption, third-party right or interest, or interests or rights of the same nature as the foregoing or other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect (“**Encumbrances**”) (including the creation or entry into of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charge, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) on any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such shares therein owned by it/him or any of its/his associates or in which it or any of its associates is, directly or indirectly, interested immediately after the completion of the Capitalisation Issue, the Share Offer and the issuance and allotment of any other Shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities; or
 - (ii) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition whether by actual disposition or effective economic disposition due to cash settlement or otherwise) on any shares or interest in any company controlled by it/him or any of its/his associates which is the beneficial owner (directly or indirectly) of any of such securities or any interests therein as

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referred to in paragraph (a) above (or any other shares or securities of or interest in such company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); or

- (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a)(i) and (a)(ii) above; or
- (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a)(i), (a)(ii), or (a)(iii) above.

(b) during the Second Six-Month Period:

- (i) sell, transfer, dispose of, offer to sell, transfer or disposal of nor enter into any agreement to sell, transfer or dispose of or create any options, warrants, rights, interests or Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) on any shares in any company controlled by it/him or any of its/his associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid if, immediately following such disposal or creation of rights, the Controlling Shareholders (together with its/his associates) would, directly or indirectly, cease to be a controlling shareholder of the Company (within the meaning of the GEM Listing Rules) or cease to hold, directly or indirectly, a controlling interest of over 30%, or such lower amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer, in the Company;
- (ii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (b)(i) above announce any intention to enter into or effect any of the transactions referred to in paragraph (b)(i) above.

In the event of a disposal by it of any of the Shares or securities or any interest therein during the Second Six-Month Period, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

Voluntary lock-up undertaking by our Controlling Shareholders

Apart from satisfying the lock-up requirements under the GEM Listing Rules, each of our Controlling Shareholders has voluntarily undertaken to our Company that, except pursuant to the Share Offer, the Capitalisation Issue and the exercise of the options that may be granted under the Share Option Scheme, it or he shall not, at any time during the thirty six months from the expiry of the Second Six-Month Period lock-up under the GEM Listing Rules, dispose of any of the Relevant

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Securities, if immediately following such disposal they would cease to be controlling shareholders (as defined in the GEM Listing Rules) of our Company on a collective basis. Such voluntary lock-up undertaking is irrevocable and may not be waived by the Company.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, *inter alia*, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below. Pursuant to the Placing Underwriting Agreement, we are offering the Placing Shares for subscription by way of Placing, on and subject to the terms and conditions in the Placing Underwriting Agreement and this prospectus, at the Offer Price. Under the Placing Underwriting Agreement, subject to, among other conditions, (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the GEM of the Stock Exchange; (ii) the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated; (iii) the Price Determination Agreement having been duly signed by the Company and the Sole Bookrunner (acting for itself and on behalf of the Underwriters) on the date thereof and such agreement not subsequently having been terminated in accordance with its terms or otherwise; and (iv) certain other conditions set out in the Placing Underwriting Agreement, the Placing Underwriters have severally agreed to subscribe for, or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that our Company will grant the Offer Size Adjustment Option to the Placing Underwriters, exercisable by the Sole Bookrunner on behalf of the Placing Underwriters at any time prior to the Listing Date, to require our Company to issue up to an aggregate of 37,500,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Share Offer at the Offer Price, under the Placing to cover over-allocations (if any) in the Placing.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the sub-section headed “Underwriting arrangements and expenses — The Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

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Total commission, fee and expenses

In connection with the Share Offer, the Public Offer Underwriter will, and the Placing Underwriters are expected to receive an underwriting commission of 6.0% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. If any of Offer Size Adjustment Option is exercised, the underwriting commission will be calculated in the same manner with the Offer Shares initially available for subscription.

The aggregate commissions and estimated expenses, together with Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to be approximately HK\$22.6 million to HK\$22.9 million (assuming the Offer Size Adjustment Option is not exercised and the Offer Price ranging from HK\$0.20 to HK\$0.24 per Share) and are payable by our Company.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

SOLE SPONSOR'S, SOLE BOOKRUNNER'S AND UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their interests and obligations under the Underwriting Agreements and the sponsorship fee payable to the Sole Sponsor in respect of the Listing, none of the Sole Sponsor, the Sole Bookrunner and the Underwriters are interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (a) the Public Offer of 25,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the sub-section headed “The Public Offer” in this section; and
- (b) the Placing of an aggregate of 225,000,000 new Shares (subject to reallocation as mentioned below and the Offer Size Adjustment Option) in Hong Kong to professional, institutional and/or other investors.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both. References in this prospectus to applications, Application Forms, application monies or the procedures for application relate solely to the Public Offer.

The Offer Shares will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised).

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 25,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent approximately 2.5% of the total issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised). The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the sub-section headed “Conditions of the Public Offer” in this section.

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 50,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 75,000,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option);
- (b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 75,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the number of Offer Shares available under the Public Offer will be 100,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option); and
- (c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 100,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 125,000,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option).

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. In addition, the Sole Bookrunner may in their sole and absolute discretion reallocate Offer Shares of the Placing to the Public Offer to satisfy valid applications under the Public Offer. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Bookrunner.

In addition, if the Public Offer Shares are undersubscribed, the Sole Bookrunner have the authority to reallocate all or any of the unsubscribed Public Offer Shares to the Placing.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

Multiple or suspected multiple applications and any application for more than 100% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$0.24 per Offer Share plus the brokerage, SFC transaction levy and Stock Exchange trading fee, amounting to a total of HK\$2,424.18 per board lot of 10,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "Price determination of the Share Offer" in this section, is less than the maximum price of HK\$0.24 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 225,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised). The Placing will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Price Determination of the Share Offer" below and based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Bookrunner so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in the paragraph headed “The Public Offer — Reallocation” in this section and/or the exercise of the Offer Size Adjustment Option in whole or in part. In addition, the Sole Bookrunner may reallocate Placing Shares from the Placing to the Public Offer to satisfy the valid applications under the Public Offer that exceeds the number of Public Offer Shares initially offered. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Bookrunner.

PRICE DETERMINATION OF THE SHARE OFFER

The Placing Underwriters will be soliciting from prospective investors’ indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Friday, 26 January 2018 by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$0.24 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company (www.edico.com.hk) and the website of the Stock Exchange (www.hkexnews.hk) a notice of the reduction or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company and the Sole Bookrunner. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Sole Bookrunner, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK\$32.2 million, assuming an Offer Price per Offer Share of HK\$0.22 (being the mid-point of the stated indicative Offer Price range of HK\$0.20 to HK\$0.24 per Offer Share).

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Thursday, 1 February 2018 on the website of our Company (www.edico.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

If the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or about Friday, 26 January 2018, the Share Offer will not become unconditional and will lapse immediately.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriter under the terms of the Public Offer Underwriting Agreement and is conditional upon the Placing Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or about the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Share Offer, our Company granted to the Sole Bookrunner (for itself and on behalf of the Underwriters) the Offer Size Adjustment Option to cover over-allocations under the Placing (if any). Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue, at the final Offer Price, up to an aggregate of 37,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer.

The Offer Size Adjustment Option can only be exercised by the Sole Bookrunner (for itself and on behalf of the Underwriters) at any time before 6:00 p.m. on the day prior to the Listing Date; otherwise it will lapse. The Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option will not be used for price stabilisation purpose and are not subject to the Securities and Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the enlarged issued share capital of our Company in issue following completion of the Capitalisation Issue, the Share Offer and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK\$0.22 per Share (being the mid-point of the indicative Offer Price range)) are estimated to be approximately HK\$7.8 million, which would be applied to the respective uses on a pro-rata basis as disclosed in the section headed “Future plans and use of proceeds — Implementation Plan” in this prospectus.

We will disclose in the allotment results announcement whether the Offer Size Adjustment Option is exercised.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

- (a) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares being offered pursuant to the Share Offer (including any Shares to be issued upon the exercise of the Offer Size Adjustment Option) and the options that may be granted under the Share Option Scheme;
- (b) the Offer Price having been fixed on or about the Price Determination Date;
- (c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by on our Company’s website (www.edico.com.hk) and the Stock Exchange’s website (www.hkexnews.hk) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Public Offer Shares” in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Share certificates for the Shares are expected to be issued on Thursday, 1 February 2018 but will only become valid certificates of title at 8:00 a.m. on Friday, 2 February 2018 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination” in this prospectus has not been exercised.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 2 February 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 2 February 2018.

The Shares will be traded in board lots of 10,000 Shares each. The stock code of the Shares is 8450.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Bookrunner and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Bookrunner may accept or reject it at their discretion and on any conditions they think fit, including provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- an associate or close associate (both as defined in the GEM Listing Rules) of any of the above;
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 23 January 2018 until 12:00 noon on Friday, 26 January 2018 from:

- (i) the following office of the Public Offer Underwriter:

Koala Securities Limited

Units 01–02, 13/F Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (ii) the following branches of the receiving bank, Standard Chartered Bank (Hong Kong) Limited:

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4–4A, Des Voeux Road Central, Central
	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Centre Site 5, No.6–12 Nam Ning Street, Aberdeen
Kowloon	Telford Gardens Branch	Shop P9–12, Telford Centre, Telford Gardens, Tai Yip Street, Kowloon Bay
	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong
New Territories	Tseung Kwan O Branch	Shop G37–40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 23 January 2018 until 12:00 noon on Friday, 26 January 2018 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**Horsford Nominees Limited — EDICO Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 23 January 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, 24 January 2018 — 9:00 a.m. to 5:00 p.m.
Thursday, 25 January 2018 — 9:00 a.m. to 5:00 p.m.
Friday, 26 January 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 26 January 2018 the last application day or such later time as described in the sub-section headed "9. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F., One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Bookrunner and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (WUMP) Ordinance, Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 10,000 Public Offer Shares. Instructions for more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 23 January 2018	— 9:00 a.m. to 8:30 p.m. ^(Note 1)
Wednesday, 24 January 2018	— 8:00 a.m. to 8:30 p.m. ^(Note 1)
Thursday, 25 January 2018	— 8:00 a.m. to 8:30 p.m. ^(Note 1)
Friday, 26 January 2018	— 8:00 a.m. ^(Note 1) to 12:00 noon

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Tuesday, 23 January 2018 until 12:00 noon on Friday, 26 January 2018 (24 hours daily, except on the last application day).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, 26 January 2018, the last application day or such later time as described in the sub-section headed “9. Effect of bad weather on the opening of the application lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 26 January 2018.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealings in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- *control the composition of the board of directors of the company;*
- *control more than half of the voting power of the company; or*
- *hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).*

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 10,000 Public Offer Shares. Each application or electronic application instructions in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer” in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 26 January 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 26 January 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 1 February 2018 on our Company’s website at www.edico.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.edico.com.hk and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 1 February 2018;
- from the designated results of allocations website at www.ewhiteform.com.hk/results with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Thursday, 1 February 2018 to 12:00 midnight on Wednesday, 7 February 2018;
- by telephone enquiry line by calling (852) 2153 1688 between 9:00 a.m. and 6:00 p.m. from Thursday, 1 February 2018 to Wednesday, 7 February 2018 on a business day (excluding Saturday, Sunday and public holidays in Hong Kong);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 1 February 2018 to Monday, 5 February 2018 at all the receiving bank branches on a Business Day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Co-Lead Managers and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Bookrunner believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.24 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading Fee thereon), or if the conditions of the Public Offer set out in the section headed “Structure and Conditions of the Share Offer — Conditions of the Public Offer” in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 1 February 2018.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 1 February 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 2 February 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 1 February 2018 or such other date as notified by our Company. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Thursday, 1 February 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) from the Hong Kong Branch Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 1 February 2018 or such other date as notified by our Company. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Thursday, 1 February 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 1 February 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

— *If you apply through a designated CCASS participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

— *If you apply as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the sub-section headed "10. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 1 February 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iii) *If you apply via Electronic Application Instructions to HKSCC*

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 1 February 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "Publication of results" above on Thursday, 1 February 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 1 February 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 1 February 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 1 February 2018.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.



23 January 2018

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE
DIRECTORS OF EDICO HOLDINGS LIMITED AND GIRAFFE CAPITAL LIMITED****Introduction**

We report on the historical financial information of EDICO Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-37, which comprises the combined statement of financial position as at 30 September 2015, 2016 and 2017, the statements of financial position of the Company as at 30 September 2016 and 2017, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 30 September 2015, 2016 and 2017 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-37 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 23 January 2018 in connection with the initial listing of shares of the Company on the GEM Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 and 3 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 and 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as at 30 September 2016 and 2017 and the Group's financial position as at 30 September 2015, 2016 and 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 and 3 to the Historical Financial Information.

Report on matters under the GEM Rules and the Companies (WUMP) Ordinance***Adjustments***

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by EDICO Holdings Limited in respect of the Track Record Period.

No historical financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully

Martin C.K. Pong & Company
Certified Public Accountants
Hong Kong

23 January 2018

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Martin C. K. Pong & Company in accordance with Hong Kong Standards on Auditing issued by HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in HK dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Combined Statements of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	Year ended 30 September		
		2015	2016	2017
		HK\$'000	HK\$'000	HK\$'000
Revenue	8	65,329	76,725	84,155
Cost of services		(29,069)	(33,970)	(35,264)
Gross profit		36,260	42,755	48,891
Other income	9	11	27	47
Selling and distribution expenses		(3,619)	(4,211)	(3,861)
Administrative expenses		(19,851)	(25,128)	(31,511)
Profit before tax	10	12,801	13,443	13,566
Income tax expense	13	(2,168)	(2,689)	(3,350)
Profit for the year		10,633	10,754	10,216
Other comprehensive income		—	—	—
Total comprehensive income for the year attributable to owners of the Company		<u>10,633</u>	<u>10,754</u>	<u>10,216</u>
Earnings per share attributable to ordinary equity holders of the Company				
Basic and diluted	15	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Combined Statements of Financial Position

		The Group		
		As at 30 September		
		2015	2016	2017
		HK\$'000	HK\$'000	HK\$'000
Notes				
Non-Current Assets				
Property, plant and equipment	16	<u>772</u>	<u>648</u>	<u>555</u>
Current Assets				
Amounts due from customers on service contracts	17	2,545	6,877	6,768
Trade receivables	18	29,101	17,871	23,861
Prepayments, deposits and other receivables	19	2,722	3,657	5,071
Cash and cash equivalents	20	<u>11,267</u>	<u>23,379</u>	<u>19,091</u>
Total Current Assets		<u>45,635</u>	<u>51,784</u>	<u>54,791</u>
Current Liabilities				
Amounts due to customers on service contracts	17	661	1,417	1,815
Trade payables	21	4,603	4,242	4,501
Other payables and accruals	22	4,141	4,433	6,239
Due to Controlling Shareholder	23	9,262	5,000	—
Income tax payable		<u>4,900</u>	<u>3,746</u>	<u>3,981</u>
Total Current Liabilities		<u>23,567</u>	<u>18,838</u>	<u>16,536</u>
Net Current Assets		<u>22,068</u>	<u>32,946</u>	<u>38,255</u>
Net Assets		<u>22,840</u>	<u>33,594</u>	<u>38,810</u>
Capital and Reserves				
Equity attributable to owners of the Company				
Share capital	25	—	—	—
Reserves		<u>22,840</u>	<u>33,594</u>	<u>38,810</u>
Total Equity		<u>22,840</u>	<u>33,594</u>	<u>38,810</u>

Statements of Financial Position

		The Company	
		As at 30 September	
		2016	2017
	<i>Notes</i>	HK\$'000	HK\$'000
Current Assets			
Prepayments, deposits and other receivables		—	—
Net Assets			
		—	—
Capital and Reserves			
Equity attributable to owners of the Company			
Share capital	25	—	—
Reserves		—	—
Total Equity			
		—	—

Combined Statements of Changes in Equity

	Share capital	Capital reserve	Merger reserve	Retained earnings	Total
	HK\$'000	HK\$'000 (note 26)	HK\$'000 (note 26)	HK\$'000	HK\$'000
At 1 October 2014	—	5,074	16	7,117	12,207
Total comprehensive income for the year					
Profit for the year	—	—	—	10,633	10,633
At 30 September 2015	—	5,074	16	17,750	22,840
Total comprehensive income for the year					
Profit for the year	—	—	—	10,754	10,754
At 30 September 2016	—	5,074	16	28,504	33,594
Total comprehensive income for the year					
Profit for the year	—	—	—	10,216	10,216
Dividend paid to Controlling Shareholder	—	—	—	(5,000)	(5,000)
At 30 September 2017	—	5,074	16	33,720	38,810

Combined Statement of Cash Flows

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
<i>Note</i>			
Cash Flows from Operating Activities			
Profit before tax	12,801	13,443	13,566
Adjustments for:			
Interest income	(1)	(1)	(3)
Property, plant and equipment written off	16	—	—
Impairment of amounts due from customers on service contracts	—	402	—
Depreciation	865	295	267
Provision for impairment of trade receivables	<u>12</u>	<u>782</u>	<u>1,698</u>
Operating cash flow before movements in working capital	13,693	14,921	15,528
(Increase)/decrease in:			
— amounts due from customers on service contracts	1,990	(4,734)	109
— trade receivables	(17,383)	10,448	(7,688)
— prepayments, deposits and other receivables	(52)	(935)	(1,414)
(Decrease)/increase in:			
— amounts due to customers on service contracts	661	756	398
— trade payables	1,592	(361)	259
— other payables and accruals	(1,140)	292	1,806
— amount due to Controlling Shareholder	<u>(330)</u>	<u>(4,262)</u>	<u>(5,000)</u>
Cash (used in)/generated from operations	(969)	16,125	3,998
Income tax paid	<u>(209)</u>	<u>(3,843)</u>	<u>(3,115)</u>
Net cash (used in)/generated from operating activities	<u>(1,178)</u>	<u>12,282</u>	<u>883</u>

	<i>Note</i>	Year ended 30 September		
		2015	2016	2017
		HK\$'000	HK\$'000	HK\$'000
Cash Flows from Investing Activities				
Interest received		1	1	3
Purchase of property, plant and equipment		(257)	(171)	(174)
Net cash used in investing activities		(256)	(170)	(171)
Cash Flows from Financing Activities				
Dividend paid to Controlling Shareholder		—	—	(5,000)
Net cash used in financing activities		—	—	(5,000)
Net (decrease)/increase in cash and cash equivalents		(1,434)	12,112	(4,288)
Cash and cash equivalents, at the beginning of the year		12,701	11,267	23,379
Cash and cash equivalents, at the end of the year	20	11,267	23,379	19,091

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

EDICO Holdings Limited (the “Company”) was incorporated is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” of the Prospectus.

In the opinion of the directors of the Company (the “Directors”), the parent and the ultimate holding company of the Company is Achiever Choice Limited, a company incorporated in the British Virgin Islands (“BVI”). The ultimate controlling shareholder of the Company is Mr. Chan Tsang Tieh (the “Controlling Shareholder”) as of the date of this report.

The Group is principally engaged in the provisions of financial printing services (the “Listing Business”) in Hong Kong. There were no significant changes in the nature of the Group’s principal activities during the Track Record Periods.

Throughout the Track Record Periods, the Listing Business was carried out by the subsidiaries now comprising the Group as set out below which were under the common control of the Controlling Shareholder.

As of the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ establishment	Issued/registered capital	Percentage of equity interest attributable to the Company			Principal activities and place of operation	Notes
			As at 30 September				
			2015	2016	2017		
Directly held:							
Top Achiever Global Limited	BVI 1 April 2016	United States dollars (“US\$”) 1	—	100%	100%	Investment holding Hong Kong (“HK”)	(i)
Indirectly held:							
High Strength Limited	BVI 19 August 2009	US\$1,000	100%	100%	100%	Investment holding HK	(i)
High Data Limited	BVI 18 September 2009	US\$1,000	100%	100%	100%	Investment holding HK	(i)
EDICO Financial Press Services Limited	HK 9 October 2009	Hong Kong dollars (“HK\$”) 11,080,000	100%	100%	100%	Provision of integrated financial printing services HK	(ii)
TOD Translation Services Limited	HK 10 June 2011	HK\$10,000	100%	100%	100%	Provision of translation services HK	(ii)

Name	Place and date of incorporation/ establishment	Issued/registered capital	Percentage of equity interest attributable to the Company			Principal activities and place of operation	Notes
			As at 30 September				
			2015	2016	2017		
Huge Alliance Limited	HK 22 October 2009	HK\$500,000	100%	100%	100%	Provision of services derived from a tenancy agreement of an office to the Group HK	(ii)
ORTUS Solutions Limited	HK 18 May 2011	HK\$1	100%	100%	100%	Currently does not carry out any business operations HK	(ii)

Notes:

- (i) No audited financial statements have been prepared since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements.
- (ii) The statutory financial statements of these companies for the each of the years ended 30 September 2015, 2016 and 2017 were audited by Martin C.K. Pong & Company. The statutory financial statements of these companies are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. REORGANISATION AND BASIS OF PRESENTATION

For the preparation for the listing of the Company’s shares on the Growth Enterprise Market of the Stock Exchange, the companies now comprising the Group underwent the Reorganisation which involved setting up of the Company as the new parent of the Group. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Track Record Periods on 16 January 2018.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Periods and the Company had always been the holding company of the Group. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Periods include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Periods, or since their respective dates of incorporation, where this is a shorter period. The combined statements of financial position of the Group as at 30 September 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. BASIS OF PREPARATION

The Historical Financial Information have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting periods commencing from 1 October 2016, together with the relevant transitional provisions have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Periods. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance which is relevant for the respective periods over the Track Record Periods.

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in HK\$ and all values are rounded to the nearest thousands except when otherwise indicated.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective in the Historical Financial Information:

		Effective for annual periods beginning on or after
HKFRS 2 (Amendments)	<i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
HKFRS 4 (Amendments)	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>	1 January 2018
HKFRS 9	<i>Financial Instruments</i>	1 January 2018
HKFRS 9 (Amendments)	<i>Prepayment Features with Negative Compensation</i>	1 January 2019
HKFRS 10 and HKAS 28 (2011) (Amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined*
HKFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
HKFRS 15 (Amendments)	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>	1 January 2018
HKFRS 16	<i>Leases</i>	1 January 2019
HKAS 7 (Amendments)	<i>Disclosure Initiative</i>	1 January 2017
HKAS 12 (Amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
HKAS 40 (Amendments)	<i>Transfers of Investment Property</i>	1 January 2018
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
HK(IFRIC)-Int 23	<i>Uncertainty Over Income Tax Treatments</i>	1 January 2019
HKFRSs (Amendments)	<i>Annual Improvements to HKFRSs 2014 – 2016 Cycle — HKFRS 12</i>	1 January 2017
HKFRSs (Amendments)	<i>Annual Improvements to HKFRSs 2014 – 2016 Cycle — Others</i>	1 January 2018

* No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of what impact of these new or revised HKFRSs upon initial application and so far, other than as explained below regarding the impact of HKFRS 9 “Financial Instruments”, HKFRS 15 “Revenue from Contracts with Customers” and HKFRS 16 “Lease”, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group’s results of operations and financial position.

HKFRS 9

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Group anticipate that the application of HKFRS 9 in the future may not have a significant impact on the Group's results and financial position. In particular, the Group will be required to replace the incurred loss impairment model under HKAS 39 with an expected loss impairment model that may result in early provision of credit losses which are not yet incurred in relation to the Company's financial assets measured at amortised cost.

HKFRS 15

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Group considers that the performance obligations that may be identified under HKFRS 15 are similar to the current identification of revenue components under the Group's existing revenue recognition policy developed under HKAS 11 and 18 and therefore, the application of HKFRS 15 in the future will have no significant impact on timing of revenue recognition under input method as a principal for each specified service promised to the customer. The directors of the Group anticipate that the application of HKFRS 15 in the future may result in more disclosures only.

HKFRS 16

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

As at 30 September 2017, the operating lease commitments of the Group were approximately HK\$12,329,000. The directors of the Group assess the existing operating leases agreements and conclude that such agreements will meet the definition of a lease under HKFRS 16. However, all the existing operating leases agreements will be expired in early 2019 and the HKFRS 16 will be adopted in the financial statements for the year ended 30 September 2020. The directors of the Group do not anticipate that the application of HKFRS 16 will have a material impact on existing operating leases agreements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of combination**

The Historical Financial Information incorporates the financial statements of the Company and any of the companies now comprising the Group for the Track Record Periods.

As explained in note 2 above, the acquisition of subsidiaries under common control has been accounted for using merger accounting principles. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All significant intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations other than under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 September. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of lease terms or 20%
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group

of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial assets carried at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Service contracts in progress

When the outcome of a service contract can be estimated reliably and it is probable that the service contract will be profitable, service revenue is recognised over the period of the contract by reference to the stage of completion of service contract activity at the end of the reporting period. When it is probable that total service costs will exceed total service revenue, the expected loss is recognised as an expense immediately.

When the outcome of a service contract cannot be estimated reliably, service revenue is recognised only to the extent of service costs incurred that are likely to be recoverable.

The Group uses the “percentage of completion method” to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total estimated service cost for the contract.

The Group presents as an asset the gross amounts due from customers on service contracts for all service contracts in progress for which services costs incurred plus recognised profits (less recognized losses) exceed progress billings.

The Group presents as a liability the gross amounts due to customers on service contracts for all service contracts in progress for which progress billings exceed services costs incurred plus recognised profits (less recognised losses).

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) Incomes from provision of financial printing, translations and media placement services are recognised based on the stage of completion of the contracts as detailed in “Service contracts in progress”.
- (ii) Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currencies

These financial statements are presented in HK\$, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into HK\$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the combined statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in(a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Service contracts in progress

As discussed in "Service contracts in progress" above, revenue for service contracts is recognised based on the stage of completion of the contracts. The stage of completion is measured by reference to management's assessment of the work performed to date as a percentage of the total estimated work to be performed for the contract. Management estimated the total work to be performed for a contract based on their experience and historical records of completed contracts of similar nature, and assessed the work performed to date. The actual outcome for the contract revenue and contract cost may be different from the estimate made by management at the end of the reporting period, and would affect the results of the Group in futures years.

Impairment of loans and receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Estimated useful lives of property, plant and equipment

In determining the useful lives of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed at the end of each reporting period based on changes in circumstances.

7. OPERATING SEGMENT INFORMATION

During the Track Record Periods, the Group's operating activities are attributable to a single operating segment focusing on the Listing Business. From the perspective of the Group's senior management, it is considered that assessment of operating performance is focused on the Group as a whole for the purposes of resource allocation and performance assessment. Therefore management considers the Group has one reporting segment i.e. Provisions of financial printing services.

Reconciliation of segment information to the information presented in the Historical Financial Information has not been presented, as the reconciling items are considered to be immaterial.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived mainly from its operation in Hong Kong and no non-current assets of the Group are located outside Hong Kong.

Information about major customers

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue during the Track Record Periods.

8. REVENUE

Revenue represents the value of financial printing services rendered during the Track Record Periods.

9. OTHER INCOME

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	1	1	3
Sundry income	10	26	44
	<u>11</u>	<u>27</u>	<u>47</u>

10. PROFIT BEFORE TAX

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Auditors' remuneration	163	163	172
Depreciation	865	295	267
Provision for impairment of trade receivables	12	782	1,698
Impairment of amount due from customers on service contracts	—	402	—
Property, plant and equipment written off	16	—	—
Employee benefits expense (including directors' remuneration (note 11))			
Salaries and allowances	18,924	21,107	21,962
Pension scheme contributions	775	855	811
	19,699	21,962	22,773
Listing expenses	—	2,898	6,779
Minimum lease payments under operating leases	9,183	9,671	9,835

11. DIRECTORS' REMUNERATION

Details of the emoluments of directors during the Track Record Period are as follows:

Year ended 30 September 2015				
<u>Fees</u>	<u>Salaries, allowance, and benefits- in-kind</u>	<u>Performance related bonuses</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive directors</i>				
Mr. Chan Tsang Tieh	—	—	—	—
Mrs. Donati Chan Yi Mei Amy	—	—	21	1,631
—	1,610	—	21	1,631
Year ended 30 September 2016				
<u>Fees</u>	<u>Salaries, allowance, and benefits- in-kind</u>	<u>Performance related bonuses</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive directors</i>				
Mr. Chan Tsang Tieh	—	—	—	—
Mrs. Donati Chan Yi Mei Amy	—	—	18	1,200
—	1,182	—	18	1,200
Year ended 30 September 2017				
<u>Fees</u>	<u>Salaries, allowance, and benefits- in-kind</u>	<u>Performance related bonuses</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive directors</i>				
Mr. Chan Tsang Tieh	—	—	—	—
Mrs. Donati Chan Yi Mei Amy	—	—	18	1,517
—	1,499	—	18	1,517

The executive directors' shown were mainly for their service in connection with the management of the affairs of the Company and the Group.

The emoluments shown above represents emoluments received and receivable from the Group by these Directors in their capacity as employees to the Group and/or in their capacity as Directors of the Company during the Track Record Period. No Directors waived or agreed to waive any emoluments during the Track Record Period.

Mr. Chan Tsang Tieh and Mrs. Donati Chan Yi Mei Amy were appointed as executive directors of the Company on 20 May 2016 and 22 June 2017 respectively.

Mr. Li Wai Ming, Mr. Wan Chun Wai Andrew and Ms. Chan Chiu Yee Natalie were appointed as independent non-executive directors on 15 November 2017. No emolument was paid or payable to them during the Track Record Period.

12. FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments of the five highest paid employees (including one director) for the Track Record Periods are as follows:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	3,284	2,984	3,148
Performance related bonuses	1,222	1,737	2,103
Pension scheme contributions	98	88	82
	<u>4,604</u>	<u>4,809</u>	<u>5,333</u>

The number of highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees		
	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Nil to HK\$1,000,000	3	3	3
HK\$1,000,001 to HK\$1,500,000	—	1	—
HK\$1,500,001 to HK\$2,000,000	2	1	2
HK\$2,000,001 to HK\$2,500,000	—	—	—
	<u>5</u>	<u>5</u>	<u>5</u>

13. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and BVI, The Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Periods.

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Current — Hong Kong			
Charge for year	2,168	2,689	3,350

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the Group's effective tax rates is as follows:

	Year ended 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Profit before tax	12,801	13,443	13,566
Tax at statutory tax rate of 16.5%	2,112	2,218	2,238
Expenses not deductible for tax	2	479	1,122
Unrecognised temporary differences	82	(14)	(17)
Tax losses not recognised	12	6	7
Others	(40)	—	—
Tax charge at the Group's effective rate	2,168	2,689	3,350

14. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation. Interim dividend has been paid or declared by the Company's subsidiaries to the then shareholders during the years ended 30 September 2015, 2016 and 2017 were Nil, Nil and HK\$5,000,000.

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful in connection with the Reorganisation.

16. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u>	<u>Furniture and fixture</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At cost:					
At 1 October 2014	4,264	407	570	3,656	8,897
Additions	14	179	—	64	257
Written off	—	(39)	—	—	(39)
At 30 September 2015	4,278	547	570	3,720	9,115
Additions	—	3	—	168	171
Disposals	—	(3)	—	—	(3)
At 30 September 2016	4,278	547	570	3,888	9,283
Additions	—	—	—	174	174
At 30 September 2017	<u>4,278</u>	<u>547</u>	<u>570</u>	<u>4,062</u>	<u>9,457</u>
Aggregate depreciation and impairment					
At 1 October 2014	3,799	316	514	2,872	7,501
Charge for the year	386	62	47	370	865
Written back on written off	—	(23)	—	—	(23)
At 30 September 2015	4,185	355	561	3,242	8,343
Charge for the year	30	53	4	208	295
Written back on disposal	—	(3)	—	—	(3)
At 30 September 2016	4,215	405	565	3,450	8,635
Charge for the year	30	43	4	190	267
At 30 September 2017	<u>4,245</u>	<u>448</u>	<u>569</u>	<u>3,640</u>	<u>8,902</u>
Net carrying amount					
At 30 September 2015	<u>93</u>	<u>192</u>	<u>9</u>	<u>478</u>	<u>772</u>
At 30 September 2016	<u>63</u>	<u>142</u>	<u>5</u>	<u>438</u>	<u>648</u>
At 30 September 2017	<u>33</u>	<u>99</u>	<u>1</u>	<u>422</u>	<u>555</u>

17. AMOUNTS DUE FROM/(TO) CUSTOMERS ON SERVICE CONTRACTS

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Contract costs incurred plus attributable profit less foreseeable loss	4,096	11,712	15,171
Progress billing	(2,212)	(5,850)	(9,816)
	1,884	5,862	5,355
Impairment	—	(402)	(402)
	<u>1,884</u>	<u>5,460</u>	<u>4,953</u>
Representing:			
Amounts due from customers on service contracts	2,545	6,877	6,768
Amounts due to customers on service contracts	(661)	(1,417)	(1,815)
	<u>1,884</u>	<u>5,460</u>	<u>4,953</u>

The movements in provision for impairment of amounts due to customers on service contracts are as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
At beginning of year	—	—	402
Impairment losses recognised	—	402	—
At end of year	<u>—</u>	<u>402</u>	<u>402</u>

At 30 September 2015, 2016 and 2017, amounts due from customers on service contracts of approximately Nil, HK\$402,000 and HK\$402,000 were individually determined to be impaired respectively. The individually impaired balances related to customers for which management assessed that the receivables is not recoverable, consequently, provision for impairment of amounts due from customers on service contracts of approximately Nil, HK\$402,000 and Nil were recognized as at 30 September 2015, 2016 and 2017 respectively.

18. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45–60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivable as at the end of each of the reporting periods, based on the invoice date, is as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	9,352	11,471	12,414
31 to 60 days	2,795	1,009	1,865
61 to 90 days	6,146	1,488	1,798
91 days to 180 days	6,382	2,685	4,493
181 days to 1 year	4,048	400	2,977
Over 1 year	378	818	314
	<u>29,101</u>	<u>17,871</u>	<u>23,861</u>

The movements in provision for impairment of trade receivables are as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
At beginning of year	—	—	—
Provision for impairment of trade receivables	12	782	1,698
Amount written off as uncollectible	(12)	(782)	(1,698)
At end of year	<u>—</u>	<u>—</u>	<u>—</u>

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Neither past due nor impaired	9,352	12,435	14,257
Less than 30 days past due	2,795	1,531	1,820
31 to 60 days past due	6,146	730	2,808
61 to 90 days past due	737	1,511	168
91 to 180 days past due	7,326	721	3,991
181 days to 1 year past due	2,394	245	514
Over 1 year past due	351	698	303
	<u>29,101</u>	<u>17,871</u>	<u>23,861</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. The Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Prepayments	74	1,009	2,414
Rental and other deposits	2,648	2,648	2,657
	<u>2,722</u>	<u>3,657</u>	<u>5,071</u>

None of the above assets is either past due or impaired. The financial assets included in the above balance relate to receivables for which there was no recent history of default.

20. CASH AND CASH EQUIVALENTS

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	<u>11,267</u>	<u>23,379</u>	<u>19,091</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	3,147	3,061	2,448
31 to 60 days	465	538	726
61 to 90 days	126	34	—
91 days to 180 days	454	524	1,112
181 days to 1 year	36	85	185
Over 1 year	<u>375</u>	<u>—</u>	<u>30</u>
	<u>4,603</u>	<u>4,242</u>	<u>4,501</u>

The trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

22. OTHER PAYABLES AND ACCRUALS

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Accruals	3,119	3,041	4,917
Deposits from customers	1,022	1,392	1,322
	<u>4,141</u>	<u>4,433</u>	<u>6,239</u>

23. DUE TO CONTROLLING SHAREHOLDER

Amount due to Controlling Shareholder is non-trade in nature and unsecured, non-interest-bearing and has no fixed terms of repayments.

24. DEFERRED TAX

At the end of each reporting period, deferred tax assets have not been recognised in respect of the following items:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Tax losses	426	466	506
Deductible temporary differences in respect of tax depreciation	2,693	2,609	2,503
	<u>3,119</u>	<u>3,075</u>	<u>3,009</u>

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items due to immaterial.

25. SHARE CAPITAL

	As at 30 September	
	2016	2017
	HK\$	HK\$
<i>Authorised:</i>		
38,000,000 ordinary shares of HK\$0.01 each	<u>380,000</u>	<u>380,000</u>
<i>Issued and fully paid:</i>		
1 ordinary shares of HK\$0.01 each	<u>—</u>	<u>—</u>

The Company is a limited liability company incorporated in the Cayman Islands on 20 May 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. There was no authorised and issued capital as at 30 September 2015 since the Company has not yet been incorporated. At the date of incorporation, 1 ordinary share was issued, nil paid, to the subscriber.

26. RESERVES**Merger reserve**

The merger reserve of the Group arose as a result of the Reorganisation which was completed on 16 January 2018 and represented the difference between the nominal value of new shares issued for the exchange of the shares of the subsidiary under the Reorganisation and the carrying amount of its share of the subsidiary's own equity items.

Capital reserve

The capital reserve of the Group represented the difference between the cost of investment and the capital of a subsidiary.

27. CONTINGENT LIABILITIES

At the end of each reporting period, the Group had no significant contingent liabilities.

28. OPERATING LEASE ARRANGEMENTS

The Group leases certain office properties and equipment under operating lease arrangements. Leases for properties were for terms ranging from two to five years. Lease payments are fixed during the leases. None of the leases includes contingent rentals.

At the end of each of the reporting periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Within one year	9,700	9,753	9,794
In the second to fifth years, inclusive	21,613	11,944	2,535
	<u>31,313</u>	<u>21,697</u>	<u>12,329</u>

29. RELATED PARTIES TRANSACTIONS

(a) Apart from the transactions and balances detailed in note 23 to the Historical Financial Information, the Group had no other transactions with related parties during the Track Record Periods.

(b) Compensation of key management personnel of the Group

All members of key management personnel of the Group are directors of the Company, and their remuneration is disclosed in note 11 to the Historical Financial Information.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting periods are as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
<i>Loans and receivables</i>			
Trade receivables	29,101	17,871	23,861
Financial assets included in prepayments, deposits and other receivables	2,648	2,648	2,657
Cash and cash equivalents	11,267	23,379	19,091
	<u>43,016</u>	<u>43,898</u>	<u>45,609</u>
Financial liabilities			
<i>Loans and borrowings</i>			
Trade payables	4,603	4,242	4,501
Financial liabilities included in other payables and accruals	3,119	3,041	4,917
Due to Controlling Shareholder	9,262	5,000	—
	<u>16,984</u>	<u>12,283</u>	<u>9,418</u>

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments are reasonably approximate to their fair values.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as cash at bank and on hand, trade receivables, rental and other deposits, trade payables, other payables and accruals and amount due to the Controlling Shareholder, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing bank deposits with floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk.

The Directors consider there is no expected significant exposure to interest rate risk and hence, no sensitivity analysis is presented for the Track Record Periods.

Foreign currency risk

The Group's businesses are located in Hong Kong and all transactions are conducted in HK\$. Most of the Group's assets and liabilities are mainly denominated in HK\$, except for certain trade receivables were denominated in US\$ and cash on hand and bank deposits were denominated in US\$, Renminbi and Sterling Pound.

Since HK\$ is pegged to US\$ and bank deposits denominated in Renminbi and Sterling Pound were insignificant, the Directors consider there is no significant exposure expected on foreign currency transactions and balances and hence, no sensitivity analysis is presented for the Track Record Periods.

Credit risk

Receivable balances are monitored on an ongoing basis and the Group reviews the recoverable amount of each individual debt at the end of each of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise of cash and bank balances, financial assets included in deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The maturity profile of the Group's financial liabilities as at the end of each reporting periods, based on the contractual undiscounted payments, was as follows:

	On demand or within one year		
	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Trade payables	4,603	4,242	4,501
Financial liabilities included in other payables and accruals	3,119	3,041	4,917
Due to Controlling Shareholder	9,262	5,000	—
	<u>16,984</u>	<u>12,283</u>	<u>9,418</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Periods.

The Group monitors capital using a gearing ratio, which is debt divided by the equity. Debt represents amount due to the Controlling Shareholder. Capital represents the equity attributable to owners of the Company. The gearing ratios as at the end of each of the reporting periods were as follows:

	As at 30 September		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Due to Controlling Shareholder	9,262	5,000	—
Equity attributable to owners of the Company	22,840	33,594	38,810
Gearing ratio	40.6%	14.9%	N/A

33. EVENTS AFTER THE REPORTING PERIOD

- (a) On 16 January 2018, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange.
- (b) The Company's shareholders passed a written resolution on 16 January 2018 that:
 - (i) the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 shares of a par value of HK\$0.01 each;
 - (ii) conditional on the share premium account of the Company having sufficient balance, or otherwise being credited as a result of a global offering, the directors were authorised to capitalise HK\$7,499,999 standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 749,999,900 shares for allotment and issue to the existing shareholders in proportion to their respective shareholdings.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2017 and up to the date of this report.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Rules is set forth below to provide the prospective investors with further information on how the Listing might have affected the net tangible assets of the Group immediately after completion of the Public Offer and Placing and the Capitalization Issue.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of the Group during the Track Record Period or any further date.

The information set forth in this appendix does not form part of the accountants' report issued by Martin C. K. Pong & Company, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the accountants' report set forth in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 7.31 of the GEM Rules is for illustration purpose only, and is set out here to illustrate the effect of the Public Offer and Placing on the combined net tangible assets of the Group as at 30 September 2017 as if the Public Offer and Placing and the Capitalization Issue were completed on 30 September 2017.

The unaudited pro forma adjusted combined net tangible assets has been prepared for illustration purpose only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company as of 30 September 2017 or any future dates following completion of the Public Offer and Placing. It is prepared based on the audited combined net tangible assets of the Group attributable to owners of the Company as at 30 September 2017 as set out in the accountants' report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets attributable to owners of the Company as at 30 September 2017	Estimated net proceeds of the Public Offer and Placing	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	HK\$'000 <i>(Note 1)</i>	HK\$'000 <i>(Note 2)</i>	HK\$'000 <i>(Note 3)</i>	HK\$ <i>(Note 4)</i>
Based on the Public Offer and Placing price of HK\$0.20 per Share	<u>38,810</u>	<u>27,424</u>	<u>66,234</u>	<u>0.07</u>
Based on the Public Offer and Placing price of HK\$0.24 per share	<u>38,810</u>	<u>37,073</u>	<u>75,883</u>	<u>0.08</u>

Notes:

1. The audited combined net tangible assets attributable to owners of the Company as at 30 September 2017 is extracted from the accountants' report set out in Appendix I to this prospectus.
2. The estimated net proceeds of the Public Offer and Placing are based on the Public Offer Price and Placing of lower limit and upper limit of HK\$0.20 per Share and HK\$0.24 per Share respectively, after deduction of the underwriting fees and other related expenses paid or payable by the Company.
3. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2017.
4. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Public Offer and Placing and the capitalization issue were completed on 30 September 2017.

The following is the text of an accountants' report, prepared for the sole purpose of inclusion in this prospectus, received from the independent reporting accountants, Martin C. K. Pong & Company, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The Board of Directors

EDICO Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of EDICO Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2017, and related notes as set out in Appendix II to the prospectus dated 23 January 2018 (the "Prospectus") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria used by the Directors of the Company in the compilation of the Unaudited Pro Forma Financial Information is described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Public Offer and Placing of 250,000,000 Shares by the Company as if the Public Offer and Placing had taken place on 30 September 2017. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's financial statements for the year ended 30 September 2017, on which an accountants' report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules ") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31(7) of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Public Offer and Placing of 250,000,000 Shares by the Company on the unadjusted financial information of the Group as if the Public Offer and Placing had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Public Offer and Placing at 30 September 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Public Offer and Placing in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(7) of the GEM Rules.

Martin C. K. Pong & Company
Certified Public Accountants
Hong Kong

23 January 2018

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 May, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 16 January 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions

of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) *Transfer of shares*

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) *Power of the Company to purchase its own shares*

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) *Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) *Calls on shares and forfeiture of shares*

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the

opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also

cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any

shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise. Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different

classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of

shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 2 August, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Register of Beneficial Ownership

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The register of beneficial ownership is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the Company is listed on the Stock Exchange, it is not required to maintain a register of beneficial ownership.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 May 2016. Our Company's registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established its principal place of business in Hong Kong at 8/F., Wheelock House, 20 Pedder Street, Central, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 13 December 2016. In connection with such registration, Mr. Chan has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the laws of the Cayman Islands and its constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

- (a) The authorised share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one nil-paid Share was allotted and issued to the initial subscriber and was transferred to Achiever Choice on the same day.
- (b) On 16 January 2018, in consideration of Achiever Choice transferring the entire issued share capital in Top Achiever to the Company, the Company has (i) allotted and issued 99 Shares, credited as fully paid, to Achiever Choice and (ii) credited the one nil-paid Share registered in the name of Achiever Choice as fully paid.
- (c) Pursuant to the written resolutions of our sole Shareholder passed on 16 January 2018, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 4,962,000,000 Shares.
- (d) Pursuant to the Capitalisation Issue, our Company will allot and issue 749,999,900 Shares to Achiever Choice.
- (e) Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted

under the Share Option Scheme), the authorised share capital of our Company will be HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each and the issued share capital of our Company will be HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid and 4,000,000,000 Shares will remain unissued.

- (f) Save as aforesaid and as mentioned in the paragraph headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder passed on 16 January 2018” in this appendix, there has been no alteration in the share capital of our Company since incorporation.
- (g) Save as disclosed in this prospectus, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

3. Written resolutions of our sole Shareholder passed on 16 January 2018

On 16 January 2018, written resolutions of our sole Shareholder were passed pursuant to which, among others:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by the creation of an additional 4,962,000,000 Shares;
- (b) our Company approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date;
- (c) conditional on (A) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Share Offer, the Capitalisation Issue, the exercise of the Offer Size Adjustment Option or the exercise of any options which may be granted under the Share Option Scheme) and (B) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
 - (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Offer Shares and any Shares which may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option; and

- (ii) 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 were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares upon the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
- (d) conditional upon the share premium amount of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK\$7,499,999 from the amount standing to the credit of the share premium account of our Company and applying such sum to pay up in full at par 749,999,900 Shares for allotment and issue to our sole Shareholder whose name appeared on the register of members of our Company at the close of business on 16 January 2018;
- (e) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of a rights issue or any scrip dividend schemes or similar arrangements in accordance with the Articles of Association or the Share Offer or the Capitalisation Issue, or an issue of Shares upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first, PROVIDED that if any subsequent consolidation or subdivision of Shares is effected, the maximum amount of Shares that may be issued pursuant to the approval in paragraph (e) of this resolution as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly;

- (f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first, PROVIDED that if any subsequent consolidation or subdivision of Shares is effected, the maximum amount of Shares that may be repurchased pursuant to the approval in paragraph (f) of this resolution as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly; and
- (g) the general unconditional mandate mentioned in paragraph (e) above was extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to or in accordance with the mandate to repurchase Shares referred to in paragraph (f) above.

4. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the listing of our Shares on the Stock Exchange. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and corporate structure” of this prospectus.

5. Changes in the share capital of subsidiaries of our Company

Our Company’s subsidiaries are referred to in the accountants’ report in this prospectus. Save for the subsidiaries mentioned in the accountants’ report and in the section headed “History, Reorganisation and corporate structure” of this prospectus, our Company has no other subsidiaries.

Save for the alterations disclosed in the section headed “History, Reorganisation and corporate structure” in this prospectus, there were no other alteration in the authorised or issued share capital of our subsidiaries which took place within two years immediately preceding the date of this prospectus.

6. Repurchases by our Company of our own securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on the GEM 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 GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the sole Shareholder on 16 January 2018, a general unconditional mandate was given to our Directors authorising any repurchase by our Company of Shares on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or applicable laws to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with a company's constitutional documents and the laws of the jurisdiction in which the company is incorporated or otherwise established. A listed company may not repurchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Cayman Islands law, any repurchase by our Company may be made out of profits of our Company, out of the share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits or the share premium account of our Company. Subject to the Companies Law, a repurchase may also be made out of capital.

(iii) Trading restrictions

Our Company may repurchase up to 10% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of the shares for a period of 30 days immediately following a repurchase of shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchase the Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require. Our Company shall not purchase Shares if the purchase price is higher by 5% or more than the average closing market for the 5 preceding trading days on which the Shares were traded on GEM.

(iv) Status of repurchased shares

All repurchased Shares (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares repurchased may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Repurchase of Shares are prohibited after inside information has come to the knowledge of our Company until such information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) 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 the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the GEM Listing Rules); and (bb) the deadline for our Company to announce 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), our Company may not repurchase its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchase of Shares on the Stock Exchange if our Company has breached the GEM Listing Rules.

(vi) *Reporting requirements*

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no 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, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchases, where relevant, and the aggregate prices paid. The directors' report is also required to contain reference to the repurchases made during the year and the directors' reasons for making such repurchases.

(vii) *Core connected persons*

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to our Company on the Stock Exchange.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from its Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) *Funding of repurchases*

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

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would,

in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue immediately after the Listing, would result in up to 100,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) *General*

None of our Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or its subsidiaries.

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

No core connected person of our Company has notified our Company that he has a present intention to sell his Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If as a result of any securities repurchase pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result of any such increase. Our Directors are not aware of any other consequences which may arise under the Code if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 100,000,000 Shares, being 10% of the issued share capital of our Company based on the aforesaid assumptions. The percentage shareholding of our sole Shareholder will be increased to approximately 83.3% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the GEM Listing Rules requirements regarding the public float under Rule 11.23 of the GEM Listing Rules. However, our

Directors have no present intention to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the GEM Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by us or any members of our Group within two years immediately preceding the date of this prospectus and are or may be material to our business:

- (a) an agreement for sale and purchase dated 15 January 2018 and entered into among Top Achiever, Mr. Chan and Achiever Choice, pursuant to which Mr. Chan agreed to sell and Top Achiever agreed to purchase the entire issued share capital of High Data, in consideration of the allotment and issue of one new share in Top Achiever, credited as fully paid, to Achiever Choice at the direction of Mr. Chan;
- (b) an agreement for sale and purchase dated 15 January 2018 and entered into among Top Achiever, Mr. Chan and Achiever Choice, pursuant to which Mr. Chan agreed to sell and Top Achiever agreed to purchase the entire issued share capital of High Strength, in consideration of the allotment and issue of one new share in Top Achiever, credited as fully paid, to Achiever Choice at the direction of Mr. Chan;
- (c) an agreement for sale and purchase dated 16 January 2018 and entered into among our Company, Achiever Choice and Mr. Chan, pursuant to which Achiever Choice agreed to sell and our Company agreed to purchase the entire issued share capital of Top Achiever, in consideration of which (i) our Company shall allot and issue 99 Shares, credited as fully paid, to Achiever Choice; and (ii) our Company shall credit as fully paid the one Share registered in the name of Achiever Choice;
- (d) the Deed of Indemnity;
- (e) the Deed of Non-competition; and
- (f) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group was the registered owner of the following trademarks in the following jurisdictions:

Trademark	Registered Owner	Class	Place of Registration	Trade Mark No.	Date of Registration	Expiry Date
A  EDICO Financial Press Services 鉅京財經印刷服務 B  EDICO Financial Press Services 鉅京財經印刷服務	EDICO	16, 35, 36	Hong Kong	303867094	11 August 2016	10 August 2026
A  B 	EDICO	16, 35, 36	Hong Kong	303867102	11 August 2016	10 August 2026
A  B 	EDICO	16, 35, 36	Hong Kong	303867067	11 August 2016	10 August 2026
A  B 	EDICO	16, 35, 36	Hong Kong	303867076	11 August 2016	10 August 2026
A  TOD TRANSLATION SERVICES LIMITED 拓譯翻譯服務有限公司 B  TOD TRANSLATION SERVICES LIMITED 拓譯翻譯服務有限公司	TOD	35	Hong Kong	303867058	11 August 2016	10 August 2026
A  ORTUS SOLUTIONS LIMITED 鉅昇服務有限公司 B  ORTUS SOLUTIONS LIMITED 鉅昇服務有限公司	ORTUS	16, 35	Hong Kong	303867120	11 August 2016	10 August 2026
A  B 	ORTUS	16, 35	Hong Kong	303867085	11 August 2016	10 August 2026

(b) Domain Names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names:

<u>Domain Name</u>	<u>Registered Owner</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
edico.com.hk	EDICO	2 October 2009	19 October 2022
edico.hk	EDICO	28 September 2010	13 October 2020
todtranslation.com.hk	TOD	2 August 2011	2 August 2021
todtranslation.hk	TOD	20 June 2011	27 June 2021
ortus.com.hk	ORTUS	24 May 2011	2 June 2021
ortus.hk	ORTUS	24 May 2011	2 June 2021

Information contained in the above website does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated corporations*

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), the interests or short positions of each of our Directors and the chief executive of our Company in the Share, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions 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 listed, will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

(i) *Our Company*

<u>Name of Director</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Shares/ Underlying Shares held⁽¹⁾</u>	<u>Approximate percentage of shareholding</u>
Mr. Chan	Interest in controlled corporation ⁽²⁾	750,000,000 (L)	75.0%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
2. Achiever Choice is wholly-owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in all the Shares held by Achiever Choice under Part XV of the SFO.

(ii) *Associated Corporation*

<u>Name of Director</u>	<u>Name of the associated corporation</u>	<u>Capacity/ Nature of interest</u>	<u>Number of shares held⁽¹⁾</u>	<u>Approximate percentage of shareholding in the associated corporation</u>
Mr. Chan	Achiever Choice	Beneficial interest	1 (L)	100%

Note:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of the associated corporation.

(b) *Particulars of service contracts*

Our Company has entered into a service contract and a letter of appointment with Mr. Chan and Mrs. Donati respectively which will become effective on the Listing Date. The service contract and the letter of appointment are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other. Mr. Chan and Mrs. Donati is entitled to a basic salary or director’s fee set out below under their respective service contract or letter of appointment (as the case may be). The executive Directors are also entitled to a bonus in respect of each financial year of our Company in an amount to be determined by the Board in its absolute discretion. An

executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of the Directors regarding the amount of the monthly salary and the discretionary bonus payable to him/her. The annual remuneration payable to Mr. Chan and Mrs. Donati under their respective service contract or letter of appointment (as the case may be) are as follows:

<u>Name</u>	<u>Amount</u>
Mr. Chan	HK\$240,000
Mrs. Donati	HK\$120,000

Each of the independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors is appointed for a term of three years commencing from the Listing Date, terminable by either party by giving at least three months' notice in writing to the other and subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The annual remuneration payable to the independent non-executive Directors under each of the letters of appointment are as follows:

<u>Name</u>	<u>Amount</u>
Mr. Li Wai Ming	HK\$60,000
Mr. Wan Chun Wai Andrew	HK\$60,000
Ms. Chan Chiu Yee Natalie	HK\$60,000

Save as disclosed above, none of our Directors has or is proposed to have any service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(c) *Remuneration of our Directors*

The aggregate remuneration paid and benefits in kind granted by our Group to our Directors in respect of each of the three financial years ended 30 September 2017 were approximately HK\$1.6 million, HK\$1.2 million and HK\$1.5 million respectively.

Under the arrangements currently in force, it is estimated that the aggregate remuneration payable by our Group to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 30 September 2018 will be HK\$1.8 million.

Save as disclosed in Appendix I to this prospectus, no Director received any remuneration or benefits in kind from our Group for the Track Record Period.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 30 September 2017 (i) as an inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended 30 September 2017.

2. Substantial Shareholders

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the following persons (other than our Directors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would be required to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group:

<u>Name of Shareholder</u>	<u>Capacity/Nature of Interest</u>	<u>Number of Shares/ Underlying Shares⁽¹⁾</u>	<u>Approximate percentage of shareholding</u>
Achiever Choice ⁽²⁾	Beneficial owner	750,000,000 (L)	75.0%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
2. Achiever Choice is wholly-owned by Mr. Chan, an executive Director.

3. Related party transactions

Details of the related party transactions are set out in Note 29 of the accountants’ report in Appendix I to this prospectus.

D. SHARE OPTION SCHEME**Summary of terms of the Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of our Board (the “**Eligible Participants**”), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for our Shares thereby linking their interest with that of our Group.

(b) *Grant and acceptance of options*

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in our Shares on the Stock Exchange or an integral multiple thereof.

(c) *Price of our Shares*

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of our Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of our Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) *Maximum number of Shares*

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the date of approval of the Share Option Scheme. On the basis of a total of 1,000,000,000 Shares in issue as at the Listing Date, the relevant limit will be 100,000,000 Shares which represent 10% of the issued Shares on the Listing Date. Our Company may seek approval by our Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.
- (ii) Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to our Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

- (iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iv) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of our Shares in issue. Where any further grant of options to an Eligible Participant would result in our 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 our Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person). Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before our Shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot our Shares on the exercise of any option.

(e) *Exercise of options*

An option may be exercised at any time during the period to be determined and identified by our Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the

full amount of the subscription price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) *Restrictions on the time of grant of options*

No option shall be granted by our Directors under the following circumstances:

- (i) after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and
- (ii) during the period commencing one month immediately preceding the earlier of:
 - (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (bb) the deadline for our Company to announce its results for any year, half year or quarter-year period under Rule 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

(g) *Rights are personal to grantees*

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) *Rights on ceasing employment*

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

In the event of the grantee ceasing to be an Eligible Participant by resignation, retirement, expiry of employment contract or termination of employment for any reason other than any of the events specified in this paragraph above or paragraph (i) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors may determine otherwise in which event the grantee or as appropriate, his personal representative(s), may exercise the option (to the extent not already exercised) in whole or in part in accordance within a period of three months following the date of such cessation or termination or, if any of the events referred to in paragraph (l) or (m) occurs during such period, exercise the Option pursuant to paragraph (l) or (m) respectively.

(i) *Rights on death*

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is any employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) *Cancellation of options*

Our Board may, with the consent of the relevant grantee, at any time cancel any option granted but not exercised.

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders as mentioned in paragraph (d) above.

(k) *Effect of alterations to share capital*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), repurchase, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors to certify in writing:

- (A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:
 - (aa) the number or nominal amount of our Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or
 - (bb) the subscription price; and/or
 - (cc) the maximum number of Shares referred to in paragraph d(i); and/or
 - (dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

- (1) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;
- (2) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (3) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (4) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(5) to the advantage in any respect of the grantee without specific prior approval of our Shareholders.

(B) in respect of any such adjustment, other than any made on a capitalisation issue, the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements set out in the above.

(l) *Rights on a general offer*

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) *Rights on winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) *Rights on a compromise or arrangement*

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a

remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) *Rights on a scheme of arrangement*

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) *Ranking of Shares*

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) *Duration and administration of the Share Option Scheme*

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the

Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) *Alterations to the terms of the Share Option Scheme*

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of our Directors except that the following alterations shall require the prior sanction of an ordinary resolution of our Shareholders in general meeting (with all grantees, prospective grantees and their close associates abstaining from voting and the votes taken by poll):

- (i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Eligible Participant without the prior approval of our Shareholders in general meeting;
- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings in Shares on the GEM; and
- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal in Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) *Grant of options to core connected persons or any of their associates*

Each grant of options to any of our Directors, chief executive of our Company or substantial Shareholder or an independent non-executive Director (as defined in the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of his associates, would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent. of our Shares in issue; and
- (ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders. Our Company must send a circular to our Shareholders. All the grantee, his close associates and all core connected persons must abstain from voting at such general meeting, except that any of them may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before our Shareholders' meeting and the date of the meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and
- (iii) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates.

(u) *Lapse of option*

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (i) or (o) or subparagraph below, where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);
- (iv) the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the Grantee or any member of our Group into disrepute);
- (v) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (g) by the grantee in respect of that or any other option;
- (vi) the date of the commencement of the winding-up of our Company;
- (vii) the date on which the grantee commits a breach of paragraph (g); or
- (viii) the date on which the option is cancelled by our Board as set out in paragraph (j).

(v) *Termination*

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) *Miscellaneous*

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) *Present status of the Share Option Scheme*

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, our Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of our Shares in issue upon completion of the Share Offer and the Capitalisation Issue without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that our Board will not approve the exercise of any option if as a result of which our Company will not be able to comply with the public float requirements under the GEM Listing Rules.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) and our Company entered into the Deed of Indemnity referred to in the paragraph headed “B. Further information about the Business — 1. Summary of material contracts” in this appendix, under which the Indemnifiers have given joint and several indemnities in favour of our Group in respect of, among other things, the amount of any and all taxation falling on any member of

our Group resulting from or by reference to any income, profits, gains earned, accrued or received on or before the Listing Date or any event or transaction entered into or occurring on or before the Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The indemnity contained above shall not apply:

- (i) to the extent that full provision or reserve has been made for such taxation in the audited accounts of our Group or the audited accounts of the relevant member of our Group for any accounting period up to 30 September 2017; or
- (ii) to the extent that such taxation or liability would not have arisen but for some act or omission of, or transaction entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations of that company or carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date; or
- (iii) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group for each of the three financial years ended 30 September 2017 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied pursuant to the Deed of Indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (iv) to the extent that such taxation liability or claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the laws, rules or regulations or the interpretation or practice thereof by the Inland Revenue Department in Hong Kong, the taxation authority in any other relevant authority (whether in Hong Kong or any part of the world) coming into force after the Listing Date or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect.

Under the Deed of Indemnity, the Indemnifiers have also given indemnities in favour of our Group whereby they would jointly and severally indemnify each member of our Group against, among others, all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group (i) as a result of directly or indirectly or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules or regulations of any jurisdiction by any member of our Group on or before the Listing Date; (ii) as a result of directly or indirectly or in connection with any litigation, proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body which (a) any member of our Group and/or their respective directors or any

of them is/are involved; and/or (b) arises due to some act or omission of, or transaction voluntarily effected by, our Group or any member of our Group (whether alone or in conjunction with some other act, omission or transaction) on or before the Listing Date.

The indemnity contained above shall not apply to the extent that provision has been made for such claim in the audited accounts of our Group or the audited accounts of any member of our Group for each of the three financial years ended 30 September 2017.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Hong Kong and other jurisdictions in which the companies comprising our Group are incorporated.

2. Litigation

Save as disclosed in the paragraph headed “Business — Regulatory Compliance and legal proceedings” in this prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group which would have a material adverse effect on our business, result of operations or financial conditions.

3. Sole Sponsor

Giraffe Capital Limited has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein.

The Sole Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

The sponsor’s fees payable by us in respect of Giraffe Capital Limited’s services as sole sponsor for the Listing is HK\$4.5 million (excluding any disbursements).

4. Preliminary expenses

The preliminary expenses of our Company incurred or proposed to be incurred are approximately US\$7,400 and are payable by our Company.

5. Promoter

Our Company has no promoter. Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

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

<u>Name</u>	<u>Qualification</u>
Giraffe Capital Limited	Licensed to conduct type 6 (advising on corporate finance) regulated activities under the SFO
Martin C.K. Pong & Company	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-laws
Ipsos Limited	Independent industry consultant
PKF Hong Kong Limited	Internal control consultant
Michael Li & Co.	Practising solicitors in Hong Kong

7. Consents of experts

Each of the experts referred to under the heading “E. Other information — 6. Qualifications of experts” in this appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or the references to its name included herein in the form and context in which they are respectively included.

8. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company will appoint the Sole Sponsor as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Sole Sponsor will receive a documentation/advisory fee, as referred to under the paragraph headed “Underwriting — Underwriting arrangements and expenses — Total commission, fee and expenses” in this prospectus.

Save as disclosed herein, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this prospectus.

10. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors nor any of the persons whose names are listed in the paragraph headed “E. Other information — 7. Consents of experts” in this appendix is interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus, or are proposed to be, acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his/her own name or in the name of a nominee;
- (b) none of our Directors nor any of the persons whose names are listed in the paragraph headed “E. Other information — 7. Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) save in connection with the Underwriting Agreement, none of the parties whose names are listed in the paragraph headed “E. Other information — 7. Consents of experts” in this appendix: (i) is interested legally or beneficially in any securities of any member of us; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us;
- (d) none of our Directors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors once our shares are listed;
- (e) save as disclosed in this prospectus, and taking no account of Shares which may be taken up under the Share Offer, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our 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 our Group; and

- (f) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

11. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) 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 capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company;
- (b) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (d) there has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Company has no outstanding convertible debt securities;
- (g) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;

- (h) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and
- (i) as at the Latest Practicable Date, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

13. Binding effect

This prospectus 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 (WUMP) Ordinance so far as applicable.

14. Bilingual document

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were a copy of each of the **WHITE** and **YELLOW** Application Forms, the written consents referred to in the paragraph headed “E. Other information — 7. Consents of experts” in Appendix IV to this prospectus and copies of the material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Michael Li & Co. at 19/F, Prosperity Tower, 39 Queen’s Road Central, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles;
- (b) the accountants’ report of our Group prepared by Martin C.K. Pong & Company, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements of our Group for each of the three years ended 30 September 2017;
- (d) the report on unaudited pro forma financial information prepared by Martin C.K. Pong & Company, the text of which is set out in Appendix II to this prospectus;
- (e) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the service contracts and letters of appointment referred to in the paragraph headed “C. Further information about our Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts” in Appendix IV to this prospectus;
- (h) the rules of the Share Option Scheme referred to in “D. Share Option Scheme” in Appendix IV to this prospectus;
- (i) the material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (j) the written consents referred to in the paragraph headed “E. Other information — 7. Consents of experts” in Appendix IV to this prospectus;
- (k) the industry report prepared by Ipsos Limited referred to in the section headed “Industry Overview” in this prospectus;
- (l) the internal control report prepared by PKF Hong Kong Limited; and
- (m) the written memorandum issued by Michael Li & Co..



EDICO Holdings Limited
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